

OVERSEAS

Reagan envoys seek to heal rift with Peking over Taiwan

From David Bonavia
Hongkong, Jan 4

The present visit to Peking by two leading American Republicans suggests that Mr Ronald Reagan is keen to repair the political damage which his pre-election statements on the Taiwan question seemed to threaten.

Peking leaders have responded to this gesture by receiving the two unofficial envoys at the highest level. After meeting Mr Huang Hua, the Foreign Minister, they have had talks with Mr Deng Xiaoping, the Communist Party Vice-Chairman, who is now acknowledged to be the unchallenged leader of the country.

Despite disavowals from the Reagan camp it is clear that political issues have been discussed during the present visit by Senator Theodore Stevens and Mrs Anna Chennault, the Chinese-born widow of General Clare Chennault, the founder of the famous "Flying Tigers" force which supported General Chiang Kai-shek in his fight against the Japanese.

The fact that Mrs Chennault was permitted to visit Peking at all shows the strong desire of the Chinese leaders to seek accommodations with the United States and Taiwan, rather than the confrontation which has been taking shape. Mrs Chennault has long been sworn foe of communism and leader of the "Taiwan lobby" in Congress. Her visit to Peking has been much supported by General Chiang Kai-shek in his fight against the Japanese.

As she is going on to Taiwan, Mrs Chennault presumably believes that she has secured a deal for the mediation of the dispute between the United States and Taiwan. Her presence in Peking

awakens memories of the wartime cooperation, patchy though it was, between the Communists and the Kuomintang against the Japanese. For several years now, Peking has been emphasizing the possibility of reconciliation.

China and Taiwan already maintain substantial trade relations—indirectly, through Hongkong visitors from Taiwan—and Taiwan seamen in difficulties are welcomed on the mainland.

The progress towards some kind of understanding or union between the mainland and the island, in the medium or long term, will depend on a long series of exploratory contacts such as those which took place in Peking at the weekend.

It is also imperative for Mr Reagan to show that he is not insensitive to China's claim that the new upgrading of American official relations with Taiwan—proposed by Mr Reagan and actually carried out last year by President Carter—need not result in anything as drastic as a crisis in Washington-Peking relations, which the Chinese would deeply regret.

Arms sales: Senator Stevens said after his talks with Mr Deng that he did not rule out eventual sales of United States arms to China.

Asked at a news conference whether Washington might start selling Peking lethal weapons, in addition to the non-lethal equipment already available, the senator replied: "I certainly don't rule out the possibility of the apparent aggressiveness of the Soviet Union."

The senator was speaking after he and Mrs Chennault had held two hours of talks with Mr Deng. He told the reporters at the end of a three-day visit that the Taiwan question was discussed frequently during their talks with Chinese leaders.—Reuter.

THE ART

Festival Ballet tightens its belt

Drastic changes to the coming year are to be announced this week, intended to overcome a deficit in the region of £100,000, they include the postponement of all new productions except for the two Ballets which are to be given at the Coliseum during April in a special series of programmes presented jointly with English National Opera.

Geoffrey Cautley is already working on the choreography for *The Wooden Prince*, which will have designs by Philip Prowse, and Fleming Flindt will arrive shortly to mount his version of *The Miraculous Mandarin*. When they are performed together with a revival of Glen Byam Shaw's ENO staging of *Duke Bluebeard's Castle*, it will, surprisingly, be the first time Festival's three stage works have ever been given in a single programme in London.

All other performances by Festival Ballet for the rest of this season, however, in London and on tour, will be confined to the most popular big-scale works in the company's repertoire. After the season of *The Nutcracker* now being given at the Festival Hall will come revivals of *Romeo and Juliet*, *Giselle* and *Coriolanus*, joined later by *The Sleeping Beauty*, *Rosindade* and *La Sylphide*.

Plans for an extra London season at the Dominion Theatre, supplementing the company's usual seasons at the Coliseum and the Festival Hall, have had to be put off until 1982. The aim is to keep costs down and box-office income as high as possible, so as to get the company on a sound footing again.

John Field, Festival Ballet's artistic director, has already explained to the dancers that a limited repertoire is necessary for a period. But he is anxious that the present retrenchment shall not be a permanent change of policy.

"I believe that a ballet company which is not creative soon ceases to be a company at all," Field says, "and that we have an obligation to do something constructive with the money we are so generously given by the Arts Council and the Greater London Council."

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With that in mind, he intends to concentrate during the rest of this season on developing young dances by giving them opportunities in leading roles. "I think we have a lot of young talent and it has to be given a chance. When I was in charge of the Royal Ballet touring company, I was criticized for putting on *Sleeping Beauty* during his first year. But look where he is now."



John Field rehearsing his company

Field sees that as a way of reaching new audiences and of giving the company's principal dancers and soloists an increasing variety of roles to dance. "We can switch them around so that everyone gets a chance," he says. Several established choreographers have already expressed their willingness to work with the small group.

"André Prokoviev is firmly committed to working with us, and Ronald Hynd too. Ben Stevenson is interested in the possibility, and Peter Durrell has said that he would like to make a ballet to the Elgar Quintet. But I see this also as a chance to encourage young choreographers within the company, such as Michael Pink and Trevor Wood."

"Not only choreographers. We shall give opportunities to some of our technical staff, too, for instance to a young electrician to try lighting design for the first time. I think it is important to make the ballets look good with proper costumes and first-rate lighting although with the absolute minimum of scenery."

"We still have to find a proper title for the splinter group. It is important to make clear that it is part of Festival Ballet, not a new company. But I am really determined to try to get this going this summer. I think it is important not to stagnate, but to make the most of what we have. I was reading the sad news about D'Oyly Carte Opera, and I want to make sure that we never get into the position where we can be criticized as they have been."

Field is also determined that, when the shorter works return to Festival Ballet's programmes next season, they shall be carefully produced and cast so as to be seen to best advantage. Then later, in the summer of 1982, will come a new production of *Swan Lake* which he intends to mount himself, with Carl Sims as designer and Maria Fay, a teacher celebrated

for her understanding of traditional character dances, supervising that side of the work.

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Book review

The Mystique of Flying By Harry Bauer

(W. H. Allen, £4.95)

The word mystique did not worry me. Flying must have something of that. But I had not at first noticed the subtitle, "Exploring Reality and Self".

Nothing of the kind. Harry Bauer proves the very man to have up front in the left hand seat. Relaxed, coordinated, happy in his work, embracing the sky like a lover, he would not get us into a dive anyway, unless from a technical hitch. Even then he would pull us out and touch down on silk.

Lately a teacher of English and Social Science, now a flight instructor at Oakland, California, he does not fly air liners (and deplores the way their cabins are crisscrossed to kid us we are not flying, thus spoiling our fun) and that is too bad. I should be insisting on him by reason of my next check-in, refusing all others.

And had he got to me a couple of decades earlier, I should have rushed off at his last stage to acquire my pilot's certificate. It is impossible not to believe, after reading him, that this document is the admission ticket to a world of release, fulfilment and the expanded life. And not simply while you are up there, a transient escape. There, a transient escape, among the footrooted clouds, you see them as only half alive.

Saint-Exupéry felt this. In the bus one day to the airport, his tail plane he looked at his fellow-passengers, the clerks and petty officials, with

more day of stunted routine and office squabbles. For him, the air.

Bauer's book is not about flying. Well, there are bits. Some fascinating: the laws of aerodynamics, the pilot's maneuvres for the safety-check. Some comforting, if you are one of those whose knuckles whiten at take-off: remember next time that your 747, say, can not help taking off. "As the speed increases... the shape of the airplane begins to do its work, and we lift gently into the air."

But the comfort and fascination lie chiefly in the author's proposition that all men are equal. Or can be. Flies and clouds alike. The flier has the better chance of finding what body and mind can do. He has to, and without society, tension, self-doubt.

The rest of us, then, in our secure, bored, unstruck existence, always with someone else to lean on, obsessed with "getting on" (but getting where?) can also learn to extend ourselves beyond what we cloddishly accept as life's imposed limitations.

My feeling, despite an habitual rejection of all such stuff, is that I might have a go. Like the pilot's certificate, I have left it a bit late. Probably nothing will come of it. But see what one might do is something. A step. You never know.

It is a short work, ideal for a short hop. London to Nice, perhaps? Because if you believe that flying-books, like flying-movies, this one could be the absorbing exception. Besides, you can always pretend that it is Harry who is in charge up front. Or someone equally happy to be there.

Basil Boothroyd

The History Man BBC 2

Michael Ratcliffe

That Malcolm Bradbury remains a delicate surgeon of the Zeitgeist (whichever, and wherever, it is) was clear from *Standing in for Henry*, a sharp but touching comedy of the Sixties transmitted in the "Playhouse" slot on December 19 and all but buried under the effluence of low-risk, non-toxic waste that has choked the television schedules almost ever since.

Henry reconsidered the earnest assumptions of permissiveness in provincial England through the darkling glass of 1980 whilst still allowing them a measure of sympathy and understanding. Something similar, though less intentional, seems to have happened in Christopher Hampton's intelligent and entertaining adaptation of Bradbury's 1975 novel about wickedness and a whitened campus during the ideological tea-break of 1972.

The *History Man* was one of the fiercest and funniest British novels of the Seventies, but the tone here is closer to the picturesque resilience of *Lucky Jim* or *Tom Jones*. The Goya painting *Dog buried in dust*, which, used on the original jacket, suggested that a new Dark Age for freedom and survival was about to begin.

From the start Mr Hampton has had to abandon the novel's most memorable and incisive

feature: the savage and unforgiving narrative voice which moves the characters about like an avenging puppeteer. Without that vice-like grip to hold him in check, and in the performance of an actor like Anthony Sher, the villainous sociologist Kirk takes off and is positively seen to be fuelled by what readers of the novel must only take for granted: an irresistible, stoat-like charm.

In the first two episodes he only bares his teeth once, engaging in serious class warfare with a pupil, George, whereas the novelist shows us their sharp little points throughout.

Michael Ward's production, directed by Robert Knights, is somewhat leisurely, but of a piece with Hampton's gentler irony and exceedingly well cast. Kirk's wife and partner in Kirkness and perpetual revolution, the cantankerous (German) actress Fiona Chedwick (Veronica Quilligan) and the destructively masochist Henry (Paul Brooke) are particularly perfect. Bradbury writes some of the best dialogue in the business—the novel abounds in it—and Hampton has selflessly used a good deal whilst tightening it up for better dramatic effect here and there. Paul Howell's and Ann Jenkins's graphics sum it up nicely: the clenched fist of People's Power melts into a corkscrew which opens a bottle of plunk which opens a new revolutionary gun. Lovely, but what about the terrified dog and the fatal encounter between private morality and social conscience? The novelist, so far, has proved irreplaceable.

Cinderella Covent Garden

John Percival

David Drew and Brian Shaw, who played the stepsisters in the Royal Ballet's *Cinderella* on Saturday afternoon, are gentler and less pushy than this season's other cast, and consequently more genuinely amusing.

David, whose role, shows that even the more bossy of the sisters can be pathetic too, and the ballet gains from that insight.

All the same, I cannot help feeling that the time has come to revert to having women play the parts as Ashton originally intended. Just think what Monica Mason and Lynn Seymour might make of them, among several names springing to mind. The change would move the ballet away from the irrelevant pantomime image and would also help avoid invidious comparisons with the former inimitable casting of Helpmann and Ashton.

Pauk/Schiff Queen Elizabeth Hall

Hilary Finch

Like Prospero's magic island, the Queen Elizabeth Hall, in the second of its nine "Mainly Mozart" recitals, was filled last Friday with sounds and sweet airs that give delight and hurt not, so finely spun and elusive in their beauty were the performances by György Pauk and András Schiff of two Mozart violin and piano sonatas, framed by Schubert's Rondo in E minor and his Fantasy in C.

The two Schubert pieces were written for the virtuosos Czech violinist Josef Slavik; yet on this occasion one was aware of the undeniably virtuosic character of both writing and performance only on reflection, so fully assimilated into the expressive part of the music was the technical accomplishment of each performer.

Each episode of the Rondo took on a colour of its own, Schiff's piano part sparkling here in anticipation, there in imitation of the lute, sweetly entwined with the violin. At the end of the third movement of Schubert's Fantasy in C with its variations of his own

Many other roles at this performance were taken by dancers new to them. Wendy Ellis in the title part goes at all her solos confidently, but there is not much sensibility in the way she dances the ballet, even with so ardent a partner as Mark Silver. It is a pity, too, that she seems to have only two expressions—apparently alarmed or broadly cheerful—so that no real character comes through.

The dancing honours, for now, go to the stars of the new quartet of Seasons' fairies. Julie Rose's effervescent gaiety as Spring, Bryony Brind's sinuously waving arms as Summer, Madonna Benjamin's speed and assurance as Autumn and Fiona Chedwick's cool elegance as Winter, make this young group an unusually pleasing and well-balanced team.

Douglas Howes proves a sprightly jester; ideally a little more height in his jumps would be desirable, but he already dances a nice balance between facetiousness and melancholy in his acting. Emanuel Young's conducting reveals sympathy for Prokofiev's best ballet score.

song "Sei mir Gegrüsst". Pauk sounded and even looked at times as if he were singing his way through it, spinning intricate Molto, catching its melody with great eloquence and finesse of tone over the shimmering movement of Schiff's subtle, delicately controlled accompaniment.

Particularly memorable was the freshness of tone which coloured the strength of Schiff's accompaniment to the pizzicato variation and the intense energy generated by both players for the final Allegro, with its tautly pointed violin playing and sensitively blended pedalling.

Just before the interval we heard Mozart's Sonata in A, K526, the last of the large "greats" the spare mysteries of its slow movement most beautifully searched out and shared between the violin's tapering phrases and the piano's poised and weighted sentences, its outer two movements deftly phrased and fluently joyful. The two-movement K304 Sonata in E minor after the interval was performed with that combination of ingenious delight and champed wit which characterised the entire evening's playing.

Hanoi 'determined to keep army in Kampuchea'

om Neil Kelly
ngkok, Jan 4

Two United States congressmen, Mr Stephen Solarz, a Republican from New York, and Joel Pritchard, a Democrat from Washington State, said in ngkok today after returning from Hanoi and Phnom Penh that Vietnam had no intention withdrawing its army of 10,000 men from Kampuchea. They said they saw no resolution of the Kampuchean problem in the foreseeable future. Pritchard showed "no willingness whatsoever" to consider participating in the proposed nuchean peace conference.

The Vietnamese-backed government in Phnom Penh also strongly opposed to an international peace conference. Mr Solarz, who will be chair- of the influential sub- mittee on East Asian affairs in the new United States Congress, said a fierce without representa- from Hanoi and Phnom he would be worthless.

he congressmen said the Governments had slightly ering views on the with- al of Vietnamese forces. Vietnamese said they id remain in Kampuchea, as there was a threat from as. They did not regard defeat of the insurgents led the Khmer Rouge as remov- that threat.

he Heng Samrin Government ver, said once the possi-

China 'hot line' in Hongkong to trap smugglers

From Our Correspondent
Hongkong, Jan 4

Chinese customs officials have installed a "hot line" telephone on the Hongkong border to receive round-the-clock calls from Hongkong residents who are prepared to give them warnings of attempts to smuggle luxury goods into China.

Those who cooperate with the Chinese authorities will be rewarded with 15 per cent of the value of any goods that are thereby seized on entry.

This unprecedented action is an extension of the reinforced patrolling by armed communist launches on the Hongkong approaches to the mainland, where over the past two months more than 20 Hongkong fishing junks have been intercepted carrying smuggled television and radio sets, cassette recorders, watches and clothing.

President Zia ul-Haq, yesterday warned university teachers and students in Karachi against indulging in political activity. He said that recent university ordinances had been promulgated to prevent the educational institutions being influenced by defunct political parties.

observed tomorrow as a public festoon to commemorate Mr Bhutto's birthday. Mr Malik Muhammad Qasim, secretary-general of the defunct Pakistan Muslim League, was arrested in Karachi three days ago.

Mr Qasim, as well as the journalists, have appeared before a military court. The Muslim League leader was known to be active in the formation of an alliance of political leaders to campaign against martial law and to demand early elections and the restoration of constitutional rule in Pakistan.

L'elisor d'amore Covent Garden

John Higgins

It has taken London far too long to have its first sight and sound of Nicolai Gedda's *L'elisor d'amore*, which came in Covent Garden's revival of the opera on Thursday. It has for some years been one of Gedda's most carefully conceived interpretations and was probably seen at its peak in Otto Schenk's sun-drenched production for the 1973 Vienna Festival.

Nearly 20 years have passed since then. Gedda can shake almost three decades from his appearance with the help of a wisp of bushy brown hair. And, once the evening has got going, the voice suggests that he is 20 years younger than he really is. "Una furia lagrima" in the final scene had a taste of honey, a softness and delicacy achieved only by those who are prey sure of a final ovation before they have even sung the closing bars. Gedda fully received and fully served it.

Earlier it was a different matter. Norrino's entrance aria, "Quand'è bella", sounded thin and it was the eye which was caught and not the ear. The Germanic look of John Copley production since its inception: he is a poppin' of a travelling quack, who even resorts to taking his own medicine, which looks like a dis- continued line of some bath- room cleaner, when it appears to be working for Norrino. The relish and precision Gedda and Evans put into each move- ment probably make Daniela Mazzucato's Adina look less experienced than it actually is.

She is a very musically singer, as Stanley Sadie remarked when she first appeared here in the same role, and a very pretty one. But she is not

mettle enough for the way- ward Adina and the voice tends to thin out at the top. She would appear to better advantage in a production more sentimental than John Copley's jolly assembly of cut-out sets from a high class toy theatre. Alberto Rinaldi, a familiar to Glyndebourne audiences, makes his London debut as the dashing red, yellow and blue sergeant, Belcore. He too made a hesitant impression in his opening aria but warmed up mightily thereafter.

Much the same applied to the evening's other debutant, the conductor, Claudio Scimone, who impressed with his musical good manners and sense of a dominant style but declined to join in the sense of fun emanating from the stage. But he too responded once the cork had been drawn from the Bordeaux. *In vivo felicitas*.



Nicolai Gedda (left) and Geraint Evans

kind of a performance which should be caught by all those who care about the art of singing.

Gedda and Geraint Evans must share almost 60 years of singing on stage between them. Sir Geraint's Dulcamara has been a lynchpin of John Copley production since its inception: he is a poppin' of a travelling quack, who even resorts to taking his own medicine, which looks like a dis- continued line of some bath- room cleaner, when it appears to be working for Norrino. The relish and precision Gedda and Evans put into each move- ment probably make Daniela Mazzucato's Adina look less experienced than it actually is.

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Not at all shabby

Tosca Coliseum
Stanley Sadie

It looked much the same as before; but it was in fact a new production of *Tosca* that opened on Saturday night. Alberto Rinaldi's sets remain, touched up here and there perhaps, certainly more tellingly lit than I remember from recent revivals: dawn on top of the Castel Sant'Angelo had some oddly selective sunbeams to begin with, but the first act, San Andrea della Valle, was truthful to the eye, both in the desolate gleams in the half-darkness as the curtain rose and in the more brilliant light for the Te Deum later.

This particular scene was improved in other ways. Stefan Janak's "restaging" has the crowds moving more plausibly than before, and it sensibly eliminated the extraneous extras earlier in the act. His production is keenly alive to the music and the words, and aware of Puccini's detailed stage directions. The conflict between Tosca and Scarpia is full of sensitive observation (I liked in particular the alert treatment of her and elsewhere of Spola's sharply portrayed by Terry Jenkins) the timing of action to music, here—especially after the killing of Scarpia—and in the lovers' final scene, in the last act, was unerring exact. Produced as well as this, *Tosca* is superlative music theatre, certainly not shabby or merely a shocker.

It was excellently conducted, too, by Mark Elder: fiery to a degree in Act I, with those ferocious Scarpia chords rasping out, powerful in rhythm in the lyrical music and packed with intensity in the torture scene and particularly the scene of the killing. Minor imperfections in the cello ensembles in Act III were the solitary flaw in what we heard from the pit.

The only major survivor from previous casts, ironically, was the Scarpia Neil Howlett: a powerful, strongly pointed impersonation, with plenty of off-centre ranting. They even use one of PII's former drummer's, Richard Dudanski, but their range is so restricted that Morris's songs merge into one long and largely uninteresting blur. The extravagant dubbed vocal effects and siren guitar of "Rit" escaped from the mould, hinting at what might be achieved.

They were preceded by Redbeard, who worked along the same lines but boasted a more incisive drummer and an inventive guitarist whose restless lines seemed closer to Jim McGuinn's old rag-rock than to the deformed disco of PII's Keith Levene. Like others before and after them, though, Redbeard was dragged down by the need to conform to the prevailing gloomness.

Allamid the encircling gloom

Rock Week ICA

Richard Williams

No rock musician with a message of hope or even a desire to place a tentative bet on the ultimate victory of the human spirit would have stood much of a chance at the ICA last week. The Rock Week was intended to be a thermometer inserted in the armpit of the nation's youth; it came up with a single reading: Despair. Band after band arrived on stage cloaked in gloom, intent on delivering humourless visions of a world going mad. The result was a barrage of the abrupt and the abrasive was, inevitably, a complete reduction of any sense of shock; by the time the Basement 5 appeared, late on Saturday night, the howls of protest seemed almost comical.

Both the range of material, musical and emotional, permitted within this kind of music is so well-worn that only

real imagination can revive it. The Sound, a London quartet who headlined on Friday, have a head start by looking atypical. No carefully-preserved leanness here: their leader, Adrian Borland, who sings and plays guitar, appears positively well-fed. Yet, of all the musicians, he alone articulated his anger clearly and effectively, taking the common subjects and bringing them to life.

There is nothing particularly novel about the Sound's music. The drummer and the bass guitarist make a capable rhythm section, while Bi Marshall generally uses her small synthesizer only for back- ground colouration. At the moment, too, Borland's attitude to structure and the band betray the presence of weaker songs the occasionally overplaying. Sometimes, though, as on "I Can't Escape Myself" and "How of Need", the elements match and the playing takes on a perfect economy. The very best of their pieces—"Missiles", a great modern

protest song, and the ecstatic "Heartland"—are spellbinding, with a passion to match any one's.

The Basement 5, whose singer is the talented photographer Dennis Morris, aim much lower, at a simplified version of Public Image Ltd's off-centre ranting. They even use one of PII's former drummer's, Richard Dudanski, but their range is so restricted that Morris's songs merge into one long and largely uninteresting blur. The extravagant dubbed vocal effects and siren guitar of "Rit" escaped from the mould, hinting at what might be achieved.

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This report marks the opening of the International Year of Disabled People

THE DISABLED

It is an ambiguous coincidence, as the International Year of Disabled People is being launched, that "The Elephant Man" should be running so well in London and New York, on screen as well as on the stage. The half-forgotten Victorian history of the short life of John Merrick, grotesquely deformed by a rare bone disease, is enjoying a minor vogue today, expressed also in books and even T-shirts.

What this says about our attitudes to those set apart by disfigurement, or by prejudice towards it, is debatable. The story evokes sympathy for the gentle individual trapped inside a frame which made him appear monstrous, but also touches feelings of lurid curiosity and fear. If we are less rejecting in our attitudes than the Victorians (and it is only because we feel we can make that claim that we can enjoy the tale), it is a difference of degree and not of kind.

These complexities of response are familiar to most seriously disabled people, the mixture of goodwill, inhibition and condescension that so often disables those who meet them. It is one of the major aims of the international year to break barriers of this kind—in a sense a more fundamental one than any of its innumerable more tangible objectives.

Underlying many of the demands in the United Nations Charter is the theme that disabled people need to be rescued—or, perhaps better, to free themselves—from being type-cast as dis-

abled, with all that that implies in restriction of opportunities for contact with the world on equal terms, physically, socially and in employment.

The problem of prejudice needs to be met with a variety of tactics. The projects grouped under the auspices of the year are nothing if not varied. One reflects the relevance of the *Elephant Man* vogue: the National Film Theatre is putting on a season of films concerned with disfigurement, chosen by a film director, Steve Dwoskin who has poliomyelitis, and Alan Sutherland, a journalist, who is epileptic.

The films extend from Laurel and Hardy to *Frankenstein*, and illustrate the propensity of artists to represent disabled people as either saints or monsters, seldom anything in between. Either expectation can be equally inhibiting to handicapped people who wish to be acknowledged as themselves.

It might appear that in many parts of the world the theme of integration is less urgent than it is in Britain, where the needs of people with disabilities are pro-



Michael Bennett

vided for on a scale which is by world standards lavish in countries where much of the rural population enjoys no primary medical care, where famine creates and aggravates handicaps on a huge scale, the emphasis must be different.

In such countries, the scale of the problem tends to lower expectations and raise prejudices, and only a clearer sense that the disabled are not a race apart can overcome apathy. The same issues underlie the debate in Britain over the Warnock committee's proposals for integrating handicapped children into ordinary schools. But here it is already the prevailing wisdom that integration is best. The fear is that the fashion will cause the

change to be made without adequate provision of the necessary specialist care in the ordinary schools. In Britain, too the problem is one of resources as well as of attitudes.

The problem of resources would have been a central one for IYDP even if the project had not coincided with a world recession. At home, with a Government determined to achieve control of public spending at all costs, the activities of IYDP will take on a more sharply political flavour than they would in any case have had, as the disabled and their spokesmen seek to hold the Government to those guarantees of special protection to the disadvantaged made when it took office.

Basic social services expenditure has been protected to some extent from cuts, the health service more effectively than the local government side (a fact that implies a lurch back from satis-

factory community care, as well as a further drag on the slow progress made by local authorities to fulfil the duties assigned to them by legislation in the 1970s).

But important as such things are, it would be wrong to measure the effects of public policy on the disabled simply in terms of wakening lists for wheelchairs, of care allowances, or of invalidity benefits. Disabled people are members of the community as a whole, and share the gains and losses of us all. They make up a tenth of the population, on the broad definition adopted by the United Nations.

Most of those below retirement age are in employment. It is highly desirable that as many as possible should be, both because of the benefit to their own morale and self-reliance, and because the more net givers there are in a society, the better it can afford to provide for those who cannot contribute in the same way.

The contribution of the charities is more than just extra funds. Time and again, official initiatives only follow in the footsteps of pioneering work already done by

a better chance of an independent life to those who can take it, the number of those who cannot must be expected to rise. Two thirds of the seriously disabled are more than 65, and the proportion of old people in the population is certain to increase in the immediate future.

The aim of policy, for state and charities alike, must be to sustain independence and family help as fully as possible, both because it is the solution that those involved usually prefer, and because it is cheaper. But the policy must not be a crude process of shifting the burden off the published budgets of organized services on to the weary shoulders of the family. Support aimed at backing up private endeavour outside institutions may cost less money than the conventional solutions, but it calls for more than a fraction of the seriously handicapped. And whatever success we may have in giving

George Hill

Charter for 1980s warns society of waste of potential

More than 500 million people around the world are disabled, and at least 350 million of them live without the help they need to enjoy a full life.

Those daunting statistics make up the opening statement of a charter for the 1980s, which is being published to coincide with the International Year of Disabled People. The charter points out that about a quarter of the members of any community are affected by disfigurement, through relatives of the sufferers and those who assist and support them.

"Any society which fails to respond effectively to these problems accepts not only a huge loss of human resources but a cruel waste of human potential", the charter states.

It goes on to say that the knowledge and the skills to remove the barriers that exclude the disabled from community life exist; what is often lacking is the political will to translate into action the policies that will bring this about.

Yet while the essential problem of the disabled is the same world wide, its scale and the facilities and

effort put into coping with it vary enormously.

Mr Alf Morris, Britain's first Minister for the Disabled, and chairman of the planning group that drew up the charter, points out that while generally one person in 10 is disabled, a country such as India, with fewer resources than those in the developed West, has more disabled people than Britain has people.

Moreover, the developing countries face problems that the West has either overcome, or at least in the recent past, largely been spared. War and poverty not only cause disability but swallow resources that could tackle it. Diseases such as leprosy and polio, almost unheard of now in developed countries, still cause disability in the Third World.

Although no one would argue that the position of Britain's disabled is satisfactory, provision is probably as good overall as anywhere else in the world.

The stimulus provided by the Chronically Sick and Disabled Persons Act of 1970 meant that the last decade saw a steady improvement. More than £1,000m

worth of spending on disability grants was introduced by the last government. Attitudes are slowly changing, and the present government, hamstrung by its commitment to cutting public spending, has indicated that it intends to use more flexibly the money it has got—for example, to speed the removal of the mentally handicapped out of long-stay hospitals into hostels and similar places of treatment.

Some poorer countries have an advantage over Britain in one key area. "Many poorer countries have not chucked the disabled out of society as we did in the late eighteenth, nineteenth and twentieth centuries, when we made prisons on the edge of town one of the main places for people who did not meet the norms of the third world," the disabled are part of society, not apart from society as they have been here," Mr Morris says.

Where it still exists, it is important psychologically as well as practically, but it has to be set against the scale of the problem. It is forecast that 15 out of every 100 children born in the

Nicholas Timmins

Three million Britons afflicted

About three million people in Britain have their daily activities limited by some physical handicap. The make-up of this vast population of the disabled is known reasonably accurately from surveys carried out by the social survey division of the Office of Population Censuses and Surveys and by local authorities. But the figures for Britain are lower than for some other European countries, where the test of disability is much stricter.

In childhood most disability is due to birth defects. One child in every 50 is born with some physical abnormality: fortunately most of these are minor and many heart defects and other structural malformations can be repaired by surgery early in infancy.

The three main crippling disorders of childhood are spina bifida (faulty development of the spinal cord and the bones round it), cerebral palsy or spasticity, and muscular dystrophy.

Muscular dystrophy is a genetic defect inherited from one or other parent, usually the mother; the other two disorders remain essentially unexplained.

During childhood and the teenage and early adult years by far the most important causes of disability are accidents—on the road, in the home, and during sporting activities. Every year a handful of schoolboys are paralysed for life by spinal injuries acquired while playing rugby football.

The teens and early twenties are also the peak years of onset of multiple sclerosis, the most common serious nervous disorder of young adults, in which damage to the brain and spinal cord

from some unexplained cause results in weakness, loss of sensation and difficulties with speech and vision.

In middle age men and women who have struggled against progressively severe symptoms of heart and chest disease have to accept limitations on their way of life. Bronchitis, asthma and coronary disease account for 800,000 of the 3,000,000 disabled in Britain, according to an assessment by the Office of Health Economics.

Less common but more threatening are rheumatoid arthritis and other joint disorders due to some disturbance in the body's control of inflammation. All forms of arthritis account for more than a million of the disabled in Britain.

During the 1960s and 1970s the dominant cause of disability is stroke—damage to the brain from a blockage in one of its blood vessels or from bleeding. About a third of the patients admitted to hospitals with a stroke die there; a third recover completely and a third are left with some handicap, usually weakness of an arm, leg, or the whole of one side of the body.

Parkinsonism, the combination of muscular weakness with a persistent tremor, is another common problem. Between them these two disorders account for a further 350,000 of the disabled.

Disorders of the senses, especially the eyes and ears, become more common with advancing years despite advances in medical understanding of their causes and treatment; about 300,000 of the disabled are either blind or deaf. Less well-publicized but nevertheless equally devastating for victims are disorders such as the skin disease psoriasis,

which may also cause severe arthritis, or chronic intestinal disorders such as ulcerative colitis or Crohn's disease. Finally several thousand adults and children have lives dependent on regular treatment on an artificial kidney (while hoping for a transplant operation).

What is medical science doing to help to relieve this vast army of disabled? Research takes three main forms. The most fundamental approach is the attempt to discover the cause of the disease and so find a specific treatment.

Some notable victories have been won. Gout, for example, is formerly a crippling form of arthritis, can now be treated by biochemical approach that prevents the accumulation of urate crystals in the joints and cartilage. Chronic deformities from gout are now rarely seen.

Boys with haemophilia can now have the missing factor added to their blood so that they no longer need for days after a minor injury.

Advances in diagnosis of genetic disorders have made possible the recognition of some serious congenital diseases early enough in fetal development for the parents to be able to choose to have the pregnancy terminated and avoid having a handicapped child. Such an approach stresses many parents, however, and in some disease prenatal diagnosis and abortion may prove to be no more than a stop-gap management.

Hundreds of pregnancies are terminated each year for spina bifida, for example. Some research groups now believe that the disease may be prevented by attention to the mother's diet, and

should their theory prove correct all concerned will prefer the preventive treatment.

The greatest single advance in the relief of symptoms due to arthritis has been the development of artificial joints. Thousands of patients are now walking round on hips made of steel and plastic instead of hobbling in constant pain. Replacements are also available for arthritic knees, shoulders, fingers and elbows.

The relief of symptoms by drugs has also improved enormously as pharmacologists have refined their research methods. Often disease processes can be halted or reversed by treatment which, while not curative, blocks the progression of damage to the joints or other target organs.

The third line of research is the continuing search for aids for the disabled to make their lives easier—better hoists, wheelchairs, and electronic equipment for those with muscular weakness, are among the thousands of devices available through the NHS.

Much of the impetus for research into the crippling diseases and for the application of research findings comes from charities. Sadly, by no means all patients can benefit from the advances that have been made. In some cases disabled people struggle on in their own homes, unaware of the aids available. In other cases the patients and their doctors know what is wanted but are frustrated by delays, shortage of funds, and waiting lists. The freer on health services expenditure will add to these frustrations.

Dr Tony Smith
Medical Correspondent

How to win an award



for employing people who are loyal, healthy, safe and productive.

(They're called 'Disabled', but don't let that fool you)

If you are responsible for employment and promotion, how much thought do you give to disabled people? Probably not a lot.

Yet a recent study showed that, on average, disabled people stay in their jobs for over 10 years, saving their employer the heavy costs of recruiting and training new staff.

It also showed that they needed, on average, only 1½ days sick leave a year. That they were actually safer workers because they have to give total concentration to the simple tasks about which the able-bodied may be more careless. And that, in many areas, they were more productive and took greater pride in what they were doing.

Why should this be? No doubt it is to do with the fact that once disabled people decide to overcome their disability, virtually nothing will shake their determination. As you can see, there are very sound business reasons for employing the disabled.

Here's another reason. If your firm meets certain basic criteria in employing disabled people, it could join the 100 firms who have already won the prestigious FIT FOR WORK award under a scheme that has the full approval of the Government, CBI and TUC.

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Address

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THE DISABLED

Therapy elicits full potential

Almost all of us, it has been said, are disabled in one way or another. A slight loss of hearing, the need for spectacles, one's shyness, or a slight impairment that in no way seriously handicaps.

Yet statistics show that at least one person in every 10 suffers some sort of physical, mental or sensory impairment that is noticeably disabling, but the degree of handicap this brings depends to a great extent on the way society reacts to disability.

Most able-bodied people seem better able to cope with someone with damaged limbs in a wheelchair than someone who is deaf or has trouble speaking. It is the therapist's job, however, whatever the handicap, to overcome or reduce the disability to a minimum.

It may be the skills of the therapist or the skill of the patient or the skill of the doctor's skills would be wasted.

Therapists' involvement comes in coping with the effects of accidents, cancer, coronary, stroke and of degenerative diseases. They also share the anguish of parents told that their child has cerebral palsy, spina bifida or any of the other conditions which delay or prevent a child's normal development.

It is on the sometimes long road to fitness that the

four chief therapeutic professions—the physiotherapists, speech therapists, occupational therapists and psychologists—play a vital role, aided by the need of the dietitian, orthoptist and chiropodist.

Physiotherapists and remedial gymnasts are skilled in techniques based on movement. They can teach patients to make use of remaining muscles to regain full independence or to accommodate to a disability to the best advantage.

Apart from the use of manipulation to relieve pain, physiotherapists can apply heat or ice, use electrical equipment or give treatment in a hydrotherapy pool where exercise in water makes movement easier. Riding can be used as a treatment for some patients to improve muscle power, strength, circulation and balance and can become a leisure activity.

While the physiotherapist probably spends more time with an individual patient in hospital, the occupational therapist spends considerable time helping the disabled person and relatives to cope with life at home. She encourages the patient to use the mobility gained from physiotherapy to overcome the physical limitations caused by disease or injury but the occupational therapist is involved assessing and treating psychiatric as well as the physical conditions.

Disability can bring depression which is as crippling as the disability itself. In common with occupational therapists, speech therapists need not only to have a rapport with their patients but a clear understanding of their patients' background and home life so that they can help both the patient and relatives through the various stages of development or recovery.

Speech therapists work primarily with children who have speech and language disorders. In the case of a cerebral palsied child where there are feeding and breathing difficulties, treatment may start within two days of birth. Unless a child is able to feed normally and use tongue and lips it will be difficult later to produce the precise voluntary movements needed for speech. It is therefore necessary to develop a child's ability to communicate even before he can speak.

An increasing part of speech therapy, however, is devoted to helping the adult stroke and cancer of the larynx victims. In the latter case treatment can start before the operation to remove the voice box to prepare the patient for regaining speech.

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Cuts in standards of help

Britain will enter the International Year of Disabled People offering the handicapped a lower standard of living and access to fewer essential services than before. These are the results of the significant reductions in social security implemented in November, 1980, and of successive years of cut-backs in social services.

A disabled person will find it bewildering to obtain access to accurate information on his entitlements unless he knows that there are a number of guides to welfare rights produced by various pressure groups. Official information is less easy to understand and tends merely to state basic facts, while the pressure groups unashamedly set out to describe not only the rules but how to use them to best advantage.

What disabled people receive in both cash and kind to enable them to live as normal lives as possible depends on a number of variables which can make substantial differences to incomes and the services they are offered. The most important variables in assessing which are age, sex, marital status, and the extent of the disability.

The best-off are those whose disabilities were caused by war and industrial accidents. They are entitled to a basic disablement pension of £44.30 a week at the age of 16, and a higher rate of £50.00 per week if they are over 65.

Those who are severely disabled and who need constant help can receive the attendance allowance at £21.65 a week for day and night attendance or £14.45 for people not needing 24-hour assistance. About a quarter of the severely disabled receive this allowance, with more receiving the lower than higher rate.

ily entitled to national insurance benefits. But it is members of this group who have suffered most from the changes in the social security system enacted in 1980. When they first stop work, they are entitled to sickness benefit at £20.65 a week for a single person, rising to a maximum of £34.65 with the top earnings-related supplement. After six months, they go on to invalidity pension at £26 a week.

The invalidity pension was increased by about 10 per cent or £3.35 a week for a single person—less than the amount guaranteed under previous legislation. That drop in the inflation proofing of benefits occurred because the Government first dropped the link with earnings, which formerly applied to invalidity pensions and other long-term benefits, and second, reclassified invalidity pensions as short-term.

The second change meant that invalidity pensions were increased in November, 1980, by 5 per cent less than the amount the Government estimated was necessary to compensate for inflation since the last increase.

Severely disabled people who need constant help can receive the attendance allowance at £21.65 a week for day and night attendance or £14.45 for people not needing 24-hour assistance. About a quarter of the severely disabled receive this allowance, with more receiving the lower than higher rate.

It will be clear from this brief résumé that the whole Social Services Correspondent

area of incomes from the state for disabled people is highly complex and subject to alteration by the government of the day. The best comprehensive guide is the *Disability Rights Handbook*, published annually by the Disability Alliance, 1 Cannon Bridge Terrace, London NW1 4PL, at a maximum price of £1.25.

The services that are available present an equally complex picture; they depend more than anything else on the geographical area in which the disabled person lives. In theory, the Chronically Sick and Disabled Persons Act compels all social services authorities to identify their disabled residents and provide them with a range of services in the home to enable them to live as normal lives as possible. In practice, the authorities have discretion to decide who qualifies for services as "severely disabled" persons, and this results in very wide variations across the country.

The services that should be provided under the Act include home help, adaptations to the home to make it easier for a disabled person to get about within it, the provision of telephones, radios and television sets, and holidays. Successive surveys by research and professional bodies have shown that these items stand high on the list of candidates for expenditure cuts.

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Employers persuaded, not coerced

Much thought has been given in Whitehall recently to how more employers might be encouraged to take on disabled staff to do ordinary jobs. The result has been a switch in the emphasis of official thinking from coercive measures to persuasive ones.

The Manpower Services Commission has been making strenuous efforts to convince employers that disabled persons are good workers who will make up in other ways for their handicaps. Last autumn saw the first results of a link between the MSC and industry leaders through the Confederation of British Industry and the Trades Union Congress in an annual Fit for Work award scheme. The campaign aims to show that "disability" need not mean "inability".

More than 400 companies which had made special efforts to promote the employment of disabled people during the year were entered for the award. Of these 100 were selected as winners by a distinguished judging committee which included the general secretary of the Associated Society of Locomotive Engineers and Firemen, the chairman of the National Coal Board, British Rail and the Independent Broadcasting Authority, the directors of the Industrial Society and the Association of British Chambers of Commerce as well as the president of the CBI and representatives of the disabled.

Commenting on the response, Mr Geoffrey Gil-

bertson, chairman of the judging committee and chairman of the National Advisory Council on Employment of Disabled People, described it as an enormously encouraging. He added: "It has been a switch in the general attitude of employers in this country where to come up to the average standard of all those who have applied for this award, then the problem of employing disabled people would vanish overnight."

The campaign is backed by leaflets, exhibitions and case histories of how named companies approached the disabled employment question. It is an attempt to introduce an outlook among industrialists. The emphasis is on the ability of disabled people to do the job rather than on any limitations they may have.

The Fit for Work campaign is a far cry from the register and quota scheme set up during the war by the Disabled Persons Employment Act, 1944. The latter in theory requires companies with 20 or more employees to take on at least 3 per cent registered disabled. In practice well over 60 per cent of companies do not meet their quotas.

The scheme has a number of weaknesses. For a start, there are not enough registered disabled to go round. A great many people who would be entitled to register do not choose to do so because of fear of discrimination or other reasons. However severely handicapped he may be, an employee who is not registered

as disabled does not count towards his employer's quota.

A report published by the Disabled Living Foundation last year strongly opposed the introduction of a compulsory register because the disabled person should be encouraged to emphasize his abilities rather than his disabilities. But without compulsion they failed to see how the system could be more widely enforced and applied to all. This conclusion sums up the views of many of the representative organizations for the disabled.

The wholly persuasive tactics adopted for the Fit for Work campaign are one alternative to the semi-compulsory methods of the quota and register system. Another recent development which embodies elements from both the award campaign and the quota system is contained in legislation which came into effect last September.

The regulations made under the Companies Act 1980 require companies to disclose their policies towards employing disabled people publicly in their annual reports. Companies employing more than 250 people will have to spell out their philosophies on the recruitment, training and career development of the disabled.

One of the aims behind the legislation is to focus the minds of board level executives and force them, if they have not already done so, to define their policies. Publication

of the policies is seen as a step towards helping potential employees as well as more junior executives within the companies.

Once under way (in a war or industrial dispute which the MSC has on offer), the effects will not be visible until 1982 publication of the policies may help more disabled people to take advantage of the assistance through the various channels and in other ways which the MSC has on offer.

Most companies which have made a particular effort to take on handicapped workers report favourably on the results. A survey carried out by the MSC in association with its Fit for Work campaign found that all the organizations concerned confirmed that disabled employees were good workers and that employing them made good economic sense.

Patricia Tisdall
Management Correspondent

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EVERYONE CAN HELP!



SPORT FOR ALL DISABLED PEOPLE

Delivering the goods

Executive briefcases, car steering columns, wooden storage units, walking aids—these are all made by severely disabled people who produce goods of high quality.

They work for Remploy which, though government subsidised, runs its 89 factories on normal business lines competing against commercial market prices. At Newcastle upon Tyne, 100 disabled workers clock in at 8 am for a 39-hour week devoted to rebinding library books and journals for universities. "They are people run with the disciplines of a normal factory," Mr Frank Lovatt, the factory manager, says.

With disabilities ranging from leg injuries to epilepsy, the workers are expected to work at least 20 minutes for each hour worked by able people—for a weekly wage of £62.50. They have mastered the intricacies of bookbinding, mostly by hand, from rounding and backing to casing.

At Garrett Green, Birmingham, one of 33 factories specialising in packing and assembly, steering columns are made for the Mini Metro, and spares are packed for other cars. There are 65 per cent mentally disabled compared with 35 per cent physically disabled employed at this factory. Though Mr Lovatt admits to a struggle to find work in the recession, he says: "We have managed to keep going—we are holding our heads up and surviving."

Of the estimated 25,000 severely disabled people registered for sheltered employment, Remploy employs one third. About 5,000 are employed in workshops run by local authorities and voluntary bodies acting as the authorities' agents, and by other voluntary organizations.

Though smaller workshops

than Remploy's can be more flexible in catering for specific needs such as those of the blind, the fact that Remploy is centrally organized has the advantage of equipping sales, distribution and managing skills. It is well placed as a commercial concern for its three distinctive product groups—packaging and assembly, furniture, and leather and textiles.

Mr Trevor Owen, Remploy's regional managing director, who was formerly a personnel manager for ICI, does not think Remploy is too commercial. "What it provides is normality, which is very important," he says. A recent McKinsey report gave the company a clear discipline for assessing new business "which is very important to us," and advice on presenting management accounts. He would like to see Remploy establish some non-factory outlets, such as data banking.

The company negotiates the wage rates with the unions so that workers' earnings, including merit and output payments, are between two thirds and the full amount earned by the non-handicapped in a comparable trade. He thinks that the more industry automates itself, the more opportunities there will be for Remploy, a company that is by definition labour-intensive, as an auxiliary—such as testing products.

Mr Owen, author of *Making Organizations Work* and the Owen report of 1971, says the more opportunities there are for Remploy, the more it will be a business. Schools, very much in touch with the business approach Remploy has adopted.

During the International Year of Disabled People, there will be open days at all Remploy's 89 factories, as well as at Remploy's sports festival at Stoke Mandeville sports stadium.

Pieter Zwart

WE'RE HERE TO HELP.

THE INTERNATIONAL YEAR OF DISABLED PEOPLE

At NatWest we're doing our best to make sure that 1981 is successful.

Throughout the year we will be supporting a large number of organisations which help make life easier and happier for disabled people.

We will be sponsoring events such as the International Disabled Children's Games, and "One In Ten", an exhibition about disabled people, at the Photographers' Gallery. This exhibition will tour the country after its London opening in January.

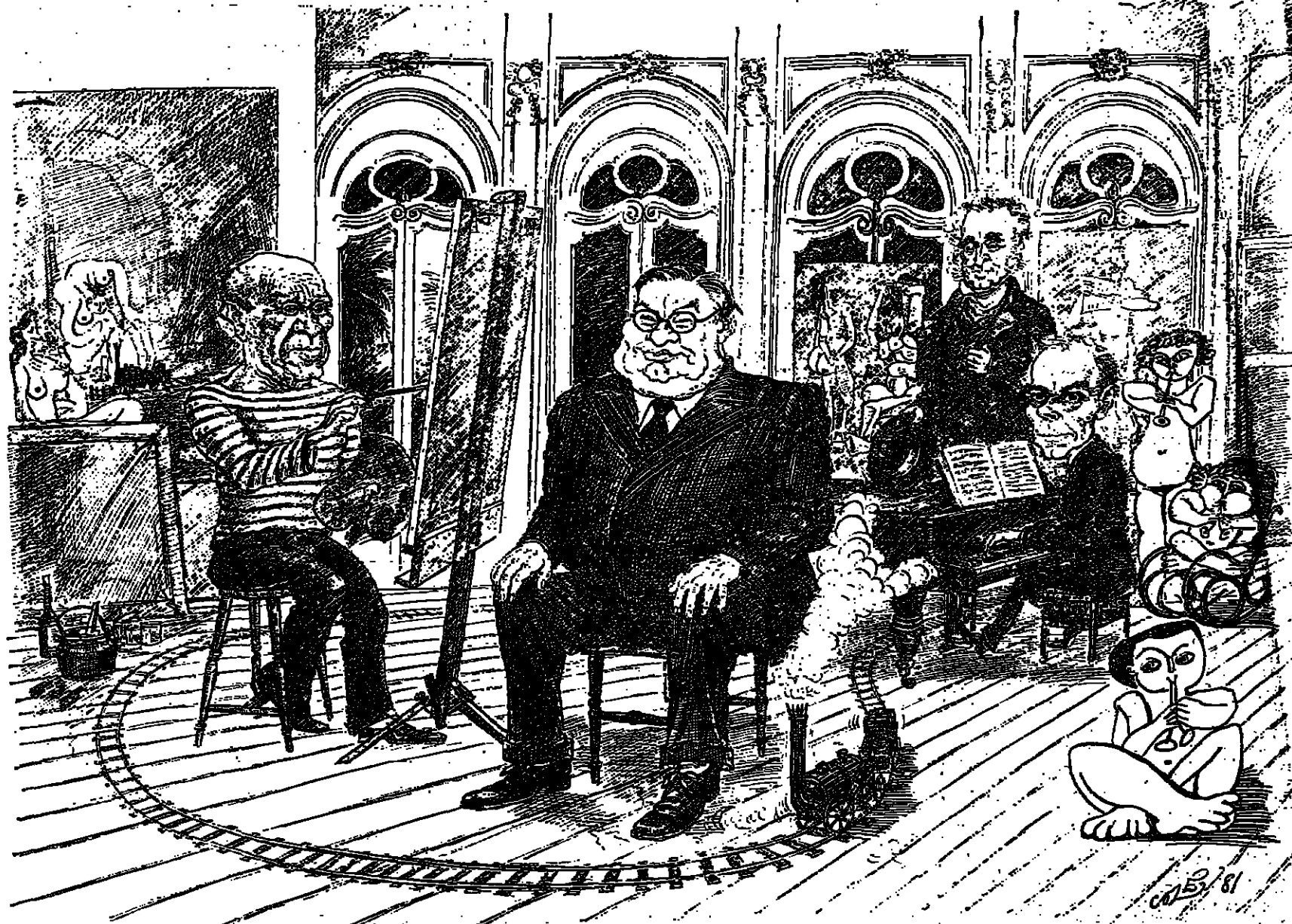
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The anniversaries of 1981



From a gentle monk to a heavyweight champ

- 1181 St Francis of Assisi, founder of the Franciscan order, born
- 1681 Pieter de Hooch, Dutch painter, died
- 1881 Mustafa Kemal Atatürk, first President of Turkey, born
- JANUARY
- 1 Louis Auguste Blanqui, French radical, died, 1881
- 4 James Ussher, Archbishop of Armagh, born 1581
- 9 Lancelotti Abercrombie, writer, born, 1881
- 30 Anna Maria Hall, Irish novelist, died, 1881
- FEBRUARY
- 3 John Gould, ornithologist, died, 1881
- 4 Josef Myslivecek, Bohemian composer, died, 1881
- Thomas Carlyle, essayist and historian, died, 1881
- 5 Frederick Lonsdale, dramatist, born, 1881
- 9 Fedor Dostoyevsky, Russian novelist, died, 1881
- 15 Gerthold Lessing, German critic and dramatist, died, 1881
- 22 William Stanley Houghton, dramatist, born, 1881
- 26 Battle of Majuba Hill, 1881
- MARCH
- 7 Ernest Bevin, trade union leader and statesman, born, 1881
- 13 Uranus discovered by Sir William Herschel, 1781
- Alexander II, Tsar of Russia, assassinated, 1881
- 14 Georg Philipp Telemann, German composer, born, 1681
- 17 Ebenezer Elliott, Corn Law rhymist, born, 1781

- Johannes Ewald, Danish writer, died, 1781
- 25 Béla Bartók, Hungarian composer and pianist, born, 1881
- Mary Webb, novelist, born, 1881
- 26 Wood Magic by Richard Jefferies, published, 1881
- 28 Modest Petrovich Musorgsky, Russian composer, died, 1881
- APRIL
- 7 Sir Francis Chantrey, sculptor, born, 1781
- 16 Edward Lindley Wood, 1st Earl of Halifax, statesman, born, 1881
- 18 Natural History Museum, London, opened, 1881
- 19 Benjamin Disraeli, Earl of Beaconsfield, statesman, died, 1881
- 20 Nikolay Yakovlevich Minsky, Russian composer, born, 1881
- 22 Alexander Kerensky, Russian revolutionary, born, 1881
- MAY
- 1 Pierre Teilhard de Chardin, French philosopher, born, 1881
- 17 Revised edition of the Bible (New Testament), published, 1881
- 24 Samuel Palmer, landscape painter, died, 1881

- 25 Pedro Calderón de la Barca, Spanish dramatist, died, 1681
- JUNE
- 2 James Douglas, 4th Earl of Morton, executed, 1581
- 6 Henri Vieuxtemps, Belgian violinist and composer, died, 1881
- 9 George Stephenson, founder of railways, born, 1781
- 15 Wat Tyler, rebel, killed, 1381
- 18 Sir Thomas Overbury, poet, baptised, 1581
- JULY
- 1 St Oliver Plunket, Arch bishop of Armagh, martyr, executed, 1681
- 2 James Abram Garfield, 30th President of the United States, shot in Washington, died Sept 19, 1881
- 5 Sir Thomas Stamford Raffles, Governor of Singapore and founder of the Zoological Society, born, 1781
- 8 Tom Cribb, champion pugilist, born, 1781
- 18 Arthur Penrhyn Stanley, Dean of Westminster, died, 1881
- 22 Richard Cox, Bishop of Ely, died, 1581
- 26 George Borrow, writer, died, 1881

- 1 Dame Rose Macaulay, writer, born, 1881
- 2 Marcus Clarke, Australian writer, died, 1881
- 25 Ethel M. Dell, novelist, born, 1881
- 6 Sir Alexander Fleming, bacteriologist, born, 1881
- 12 Cecil B. de Mille, American film producer, born, 1881
- 19 Georges Enesco, Romanian violinist and composer, born, 1881
- SEPTEMBER
- 7 Sidney Lanier, American poet, died, 1881
- OCTOBER
- 1 Sir Robert Smirke, architect, born, 1781
- 3 Ludomir Michel Rogowski, Polish composer, born, 1881
- 10 Savoy Theatre, London, opened—the first public building in England lit by electricity, 1881
- 15 Sir Pelham (P. G.) Wodehouse, humorous novelist, born, 1881
- William Temple, Archbishop of Canterbury, born, 1881
- 17 Lord Hawke, Admiral of the Fleet, died, 1781
- 21 Zampieri, called Domenico, French historical painter, born, 1581
- 22 Benedetto Ferrari, Italian composer, died, 1681

- 23 Pablo Picasso, Spanish painter, born, 1881
- NOVEMBER
- 20 Sir Hugh Owen, Welsh educationist and philanthropist, died, 1881
- 21 Cornelius Varley, water-colour painter and inventor, born, 1781
- 25 His Holiness Pope John XXIII, born, 1881
- 28 Stefan Zweig, Austrian writer, born, 1881
- DECEMBER
- 1 St Edmund Campion, Jesuit martyr, executed, 1581
- 8 William Parker, Admiral of the Fleet, born, 1781
- 2 Jan van Ruusbroec, Dutch mystic, died, 1381
- 8 Patrick Colum, Irish poet, born, 1881
- 11 Sir David Brewster, Scottish natural philosopher, born, 1781
- 14 Decimus Burton, architect, died, 1881
- 17 Andrew Salvin, architect, died, 1881
- 18 George Edmund Street, architect, died, 1881
- 23 Juan Ramón Jiménez, Spanish poet, born, 1881
- 24 Charles Wakefield Cadogan, American organizer and composer, born, 1881
- 25 William Nicholson, portrait painter, born, 1781
- John ("Zion") Ward, mystic, born, 1781
- William Galsworthy, first Communist MP, born, 1881
- 29 Jess Willard, American world heavyweight champion, born, 1881

Jack Lonsdale

Peter Jay

Those puzzling monetarist misconceptions

It is hard to remember a time—indeed, there has not been one in the living memory of those under 50—when the country was more alarmed or more mystified about what was happening to the nation's economy. But while people have every reason to be alarmed, they have no need to be alarmed, they have no need to be puzzled.

The root of the puzzle seems to lie in sundry misconceptions about something called "monetarism". These include the notions that current economic policy is monetarist; that such a policy should lead within a year or so to a healthy and vigorous economy without inflation.

An alternative and somewhat more sophisticated version of the current confusion is that monetarist economic policies will lead to a slump, that current economic policies are not monetarist and that the slump is happening anyway. However, there is no need to intellectualise anything to manifest economic distress.

Monetarism is a doctrine in economic theory about the relationship between changes

in the stock of money and changes in other monetary values, mostly importantly the general level of prices. In its simplest form it maintains that changes in the stock of money (less any changes in real productivity) will, after a delay of three to five years, determine the rate of inflation.

A monetarist economic policy, properly understood, is one which aims to regulate the change in the stock of money to match the desired rate of inflation, which is presumed to be nil or near to nil or, at least, a gradual subsidence from the starting point towards nil. It justifies the transitional effects associated with such a policy, when superimposed on a strong pre-existing inflation, on the grounds that the change in the stock of money deter-

mines nothing but the rate of inflation and that, therefore, there is no reason to regulate the change in the stock of money on any other principle. Other ideas associated with the work of Professor Milton Friedman, but not in themselves monetarist or logically connected with monetarism, are that contra-cyclical management of total expenditure in the economy (sometimes called "fine tuning") is in practice more likely to aggravate than to smooth the business cycle and that each economy at any one time has a "natural" rate of unemployment to which the actual level will always tend, whatever monetary policies are followed.

An economic policy which acknowledged these doctrines would abstain from short-term

adjustments of its monetary policies and would attack unemployment through other means, most notably attempts to make the labour market work more efficiently.

Monetarism makes no claims about—and a monetarist economic policy promises no prognosis for—the "real" economy, that is the economy of production, sales, profits, employment, investment, productivity and the standard of living. It is true that Professor Friedman, at the end of one of his Free to Choose films, did say that a healthy economy as well as a sound currency could be confidently expected from proper regulation of the money supply alone—but of how wrong subsequent discussion has readily acknowledged that this was unjustified hyperbole and

that the health of the real economy depended on many things other than—and not including—the quality of monetary policy.

With this modest clarification the actual picture of economic policy in 1980 and the prospect for the economy in the early 1980s may be examined and, with luck, more easily understood. The first and most obvious fact is that, at least since the autumn of 1979, economic policy has not been monetarist, although for the sake of complete clarity it may be necessary to add that policy is defined in this clinical context by the actions of the authorities, not by the rhetoric or even the intentions of the presiding political leaders.

Between 1975-79 policy was broadly monetarist in the essen-

tial senses both that monetary growth was deliberately regulated according to a disinflationary objective and that its actual growth was sharply reduced, following a period in which the money stock had been doubled in three and a half years, to a much more modest though not completely non-inflationary rate. Since then rapid expansion has been resumed, though it is for historians and analysts of institutions to decide whether this occurred by intention, inadvertence or even incompetence.

Recognition of this, at least temporary abandonment has led some to ask why, done less, many of the effects supposedly associated with monetarism occurred by the monetary authorities. These include both good and bad effects, both some tendency

for inflation to decline and a precipitate plunge into economic depression. The answer is not very far to seek.

As to the trend of inflation, it is puzzling only to those who overlook the length of the interval to be expected between a change of monetary policy and its associated effects on inflation, namely three to five years. The predictable re-acceleration of inflation is not to be expected until the end of 1982 at the earliest, just as the marked drop in inflation in 1978-9 reflected the disinflationary monetary policies of the period from 1975. It is also wrong to be preoccupied with very short term (less than 12 months) fluctuations in the trend of the retail price index, which naturally reflect the impact of changes in indirect

taxes and other important administered prices such as the price of oil and other energy sources.

As to the slump in the real economy in the absence of a sound monetary policy, the basic explanation is that the normal balance of the economy implies a level of unemployment permanently in the low millions because of our deeply institutionalized and almost universal habit of posting prices for labour, which are hugely above labour's market-clearing price. Moreover, the inevitable collapse of the old "money illusion" (ie that there will be no inflation in the future) means that we can no longer suppress this tendency to very high employment even by inflationary monetary and budgetary policies.

We are getting where we basically deserve to be, although on present monetary policies we may yet enjoy—or suffer—one more brief moment in 1982-83 at the best of yet another great leap forward of inflation.

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HILDA'S APPREHENSIVE NEW YEAR

Hilda, my politically sophisticated guinea pig, always enjoys watching the new year come in on television. As the lighted ball slides to the ground outside the old New York Times building in Times Square, and dance bands play sentimental favourites at the Waldorf Astoria hotel, she nibbles excitedly on her festive celery and takes another sharp suck at her water dispenser.

Then she settles down for a ruminative talk on what the new year might bring.

"I am worried," she told me, as 1980 faded into history, "about the quality of Mr Reagan's cabinet choices. Now you know I am far from being a knee-jerk liberal."

"I'll make allowances for the festive spirit but watch it," Hilda warned. "I think that if people consciously chose a conservative president he should be allowed to get on with his mandate. All the same..."

"All the same you find the cabinet choices a bit spooky?"

"That's exactly the word,"

said Hilda, "especially for Alexander Haig, the ghost of Watergate and all that. But it's not just Haig. All the others seem to me to be what I call the self-righteous right, the people who equate liberalism and government intervention with moral turpitude."

"The right doesn't have a monopoly of self-righteousness, if you'll forgive the chunky phrasing," I replied. "Isn't the left equally convinced that it's right—sorry, but this campaign has played havoc with the vocabulary?"

"I suppose so," Hilda admitted, "but somehow they're less overbearing with it. We're generalising too much. Let's take a specific example. What about this seemingly dreadful man Watt who has been appointed Secretary of the Interior?"

"Didn't I read that he was opposed to environmental protection and that he wanted to dig up Wyoming for oil wells? Haven't he challenged Indian sovereignty over their reservations and opposed cut-price utility services for the poor and handicapped? I shouldn't be surprised to hear that it was he who told Mr Reagan during the

campaign that trees caused more pollution than industry."

"Maybe he'll cut down all the trees and build log-burning power stations," I giggled.

"Anyway, what's your opinion on Haig? Do you think he'll have a hard time being ratified by the senate?"

"Could be," said Hilda ruminatively. "But I can't get too excited about his role in Watergate, which seems to me an exaggerated scandal. What it told us about President Nixon was that he was paranoid, which while it may be an unsuitable quality in a president, is scarcely a venial crime."

"Guinea pigs see these things differently," I said, careful not to identify myself too closely with her views. "Quite a lot of people are saying that it's not his role in Watergate they mind about Haig, but his support for the Christmas bombing of North Vietnam in 1972. Did you see that piece in the New York Times?"

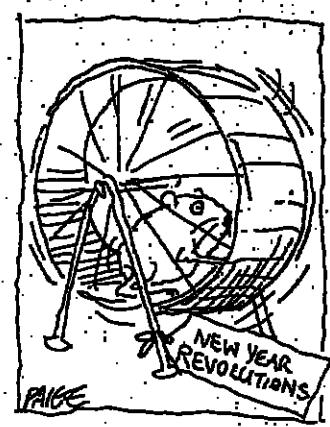
"We must explain to our British readers," Hilda interjected, "that Norman Podhoretz is the editor of Commentary, a right-wing journal like

Encounter only more so. No, I didn't see his New York Times piece."

"Let me quote a couple of sentences from it: 'The horrors that have been visited on the people of Indochina under Communist rule have drained the anti-war argument of its old persuasiveness... invoking the name of Vietnam is less likely to discredit Mr Haig than to remind us of how wrong morally wrong and politically wrong—his critics have proved to be about the war.'"

"Surely," squeaked Hilda, "the opponents of the intervention were not arguing that Vietnam was likely to thrive under the Communists? They simply said that the United States had neither the right nor the power to impose its will on that country. As far as the power was concerned at least, that proved to be the case."

"Exactly," I agreed. "But I think we shall see quite a lot of attempts to rewrite history in the early months of the new administration. That often happens when you get so sharp a shift in ideology at the centre of power. Even so, while Haig's view on Vietnam would be



The Soviet threat has now become a threat to the very political, economic and military.

"But don't you think there is a Soviet threat?" I inquired.

"I think," she said, "that the Russians are even more reactionary and defensive than American conservatives. The invasion of Afghanistan and the bullying moves towards Poland are products of the same nervousness, the same wish to keep the support of their allies as American support for right-wing regimes in Asia, Latin America and Iran. Brezhnev and Reagan should they meet, will find they have much in common."

"And Haig?" I asked.

"Haig too. Here's another excerpt from that collection of his statements. He was talking about human rights. It neither serves the purpose of social justice nor the vital interests of America to pursue policies which have the human rights which have the practical consequences of driving authoritarian regimes, traditionally friendly to the west, into totalitarian models

where they will remain in a state of permanent animosity to the American people and our interests."

"Ah," I said. "There he was paraphrasing an article in Commentary about a year ago by Jean Kirkpatrick, the academic who's just been appointed American Ambassador to the United Nations."

"Commentary seems to be a seminal journal if you want to understand the new thinking in Washington. You must bring it home to the office for me," said Hilda.

"You'd only eat it," I retorted. "I'm longing to see how Mrs Kirkpatrick fares at the State Department. She'll be very different from Andy Young and Don McHenry, her predecessors. To judge from the setting, she's much wedded to the 'our side—your side' view of diplomacy."

"Do you see an impassioned debate about all this in the new year?" asked Hilda.

"I think so. The liberals may be out of fashion but as the Hoffmann article and others like it show, they aren't going to play dead. I foresee a lot of criticism of Haig, and of

Richard Allen, the new national security adviser, who personifies the whole Reagan approach to foreign affairs."

"Wasn't he once a Washington lobbyist for the old regime in Portugal?"

"He was, and he's unrepentant. Not long before the election he told the Wall Street Journal that the Wamamu massacre in Mozambique in December 1972 was a case of misinformation, planned by Czech propagandists. In fact it was well documented by about 30 survivors."

"We can only hope then," she declared. "That these people grow more megalomaniac and moderate in office. It sometimes happens."

"I'll drink to that," I replied, reaching for the last bottle of champagne.

It had an especially noisy cork. As I popped it, Hilda scurried into the bathroom, her box in the corner of her cage, which serves as her refuge. She clapped her paws on her chest.

"Mr. God," she squeaked. "Don't tell me I'm started already."

Michael Leapman



COURT CIRCULAR

SANDRINGHAM, NORFOLK
January 30: The Queen has learned with deep regret of the death of Her Royal Highness Princess Alice, Countess of Athlone.

The Queen was represented by His Excellency Mr John Williams (British High Commissioner for Malawi) at the funeral service for Her Royal Highness Princess Alice, Countess of Athlone, which was held in the African Inland Church, Eldoret, Kenya today.

SANDRINGHAM, NORFOLK
January 30: A private service was held in Sandringham Church this morning.

The sermon was preached by the Archbishop of Canterbury.

The King of Spain is 43 today.

Birthdays today

Miss Stella Gibbon, 75; Sir Frank Bailey, 70; Major-General H. Quinlan, 75; Sir Bryan Shawwood-Smith, 82.

Forthcoming marriages

The Hon. A. J. F. Burton and Miss M. D. M. Samuelson. The engagement is announced. The bride is daughter of Lord and Lady Burton, of Suffolk, Norfolk, and Melinda, daughter of Mr and Mrs Peter Samuelson, of Uxley Hall, Essex.

Mr D. H. C. Floyd and Miss C. A. Beckley. The engagement is announced between David, son of Sir Giles Floyd, of Stamford, Lincolnshire, and Lady Beckley, daughter of Mr and Mrs Peter Beckley, of Mansfield, Wiltshire.

Colonel N. B. Knocker and Miss A. G. Willoughby. The engagement is announced between Nigel Knocker, of the Grange, Netheravon, Salisbury, Wiltshire, and Angela, daughter of Mr and Mrs John Willoughby, of Oxford, Oxfordshire, and Mrs Peter Willoughby, of Wiltshire.

Mr D. H. Andrews and Miss R. A. Scriver. The engagement is announced between David Ross, younger son of Mr and Mrs R. Andrews, of Surrey, and Ruth Anne, daughter of Mr and Mrs R. Scriver, of Holmby St Mary, Surrey.

Mr H. J. Cholmeley and Miss G. M. Davies. The engagement is announced between Hugh Jerrett, second son of Brigadier and Mrs L. N. Cholmeley, of Broadstreet House, Lymington, Kent, and Geraldine, daughter of Mr and Mrs G. M. Davies, of Edinburgh, Scotland.

Mr R. F. Davison and Miss B. Wallbank. The engagement is announced between Robert, second son of the late Mr T. W. Davison, and Mrs M. Davison, of Chelsea, and Helen, daughter of Mr and Mrs D. Wallbank, of Grimsby, Lancashire.

Mr G. C. W. Marshall and Miss S. A. Scott-Ram. The engagement is announced between Graeme, only son of Mr and Mrs G. S. Marshall, of Brockenhurst, Hampshire, and Sally Ann, daughter of the late Mr H. Scott-Ram, and Mrs A. Scott-Ram, of North Nuffield, Surrey.

Major A. D. Pigott and Miss F. A. Astley-Chopet. The engagement is announced between Anthony David Pigott, MBE, RE, twin son of Lieut-Colonel and Mrs P. J. Pigott, of Weymouth, Dorset, and Felicity Ann, daughter of Major and Mrs G. N. Astley-Chopet, of Hesse, Bury St Edmunds, Suffolk.

Mr M. J. Fyfe and Miss E. C. L. Grant. The engagement is announced between Michael, only son of Mr and Mrs D. Fyfe, of Titchhurst, Reading, and Elizabeth, daughter of Mr and Mrs David Grant, of Cranbury, Surrey, and Queensberry Place, SW7.

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Contact in Iran a tonic to Church of England

By Clifford Longley

Religious Affairs Correspondent

The Archbishop of Canterbury's success in making personal contact with the detained Anglican missionaries in Iran will come as a considerable tonic to the Church of England and its moral authority in the church and the nation.

Such events may well show that this assertion of pastoral leadership has come at an auspicious time, and that the public is more ready to respond to a new than has recently seemed to be the case.

Dr Runcie was selected for the primacy in the hope that he could revive its status in national life by bringing a more contemporary style of authority to the office, but the first year of his term was beginning to generate discrete criticism that he was being too subtle and relaxed by half.

The Iranian success, particularly if crowned by the return of the missionaries, will change the mood; and not before time, as the Church of England has a difficult year to get through.

Like the Roman Catholic church, the Church of England continues to be hampered by vexatious issues concerning

various aspects of sexuality, with both internal unity and religious mission suffering as a result. The fervent prayer of leaders of both churches must be to be released from these impediments. As Cardinal Hume recently remarked, Christianity has more interesting things to say about other aspects of life than the churches will have only themselves to blame if these issues continue to dominate church news in the coming year.

The General Synod of the Church of England will be debating homosexuality, and a working party report intended to focus the discussion has come under heavy fire for recommending a liberal attitude. A majority in synod may well be found to damn it with silence; refusing that is to say, to give it the usual courtesy of a formal vote of rejection.

But it is unlikely that a majority will then be found to endorse a more conservative presentation, and the whole issue will have to return to the limbo from which it came.

As it is a subject on which the public feels not particularly tolerant either, however, the church will necessarily suffer any drop in general esteem as a result.

The same confused outcome, no support for liberalization, but no alternative policy either, is the probable fate of the General Synod's further agonizing over divorce, also due this year. Soundings in the dioceses show no clear mandate for the remarriage of divorced persons in church, but it is not apparent what alternative policy would be more welcome.

This year is likely to be critical for the progress of ecumenism, with the detailed terms of the covenanting process with the Free Churches due for General Synod consideration.

It would be optimistic to estimate the covenant's chances at 50-50, and failure will inevitably cause disappointment and even bitterness not only in large sections of Anglicanism but even more so in the Methodist church.

The coming year will not produce much encouragement for ecumenism in the Roman direction, either, as the significant event of this year there is likely to be the Pope's reiteration of traditional teaching on birth control, possibly even with an encyclical.

As has happened before, much fine teaching on the subject of marriage will be overshadowed by this one issue of

contraception. The English hierarchy will probably want to keep as low a profile as possible in the hope that whatever storm breaks will quickly pass.

It cannot be too often said that the spirit of the Liverpool Pastoral Congress, however, and many lay Roman Catholics will feel offended again that authority has spoken in a way they cannot accept.

British Christianity is blessed with good leaders, who are not helped by having to play with the odds stacked against them. Neither homosexuality, nor the remarriage of divorcees, nor contraception constitute the central issues of religion, and the outstanding churchmen of the age know that only too well. In private they say so, and hint as much in public.

Meanwhile those who judge the public mood, church leaders included, gauge the time as a good one of encouraging interest in the things of the spirit: a pendulum swings but note with some emotion lest they miss the opportunity it presents.

Spiritual leadership in Britain in 1981 is going to present a hard challenge to those who have to exercise it.

Today's engagements

Mr and Mrs M. J. McDonald. The engagement is announced between Michael, only son of Mr and Mrs J. McDonald, of Wiltshire, and Elizabeth, daughter of Mr and Mrs J. McDonald, of Wiltshire.

Mr N. J. Goldsmith and Miss C. S. Guy. The engagement is announced between Nicholas, only son of Mr and Mrs N. J. Goldsmith, of Wiltshire, and Caroline, daughter of Mr and Mrs C. S. Guy, of Wiltshire.

Mr C. J. Neville and Miss S. J. Bennett. The engagement is announced between Christopher, only son of Mr and Mrs C. J. Neville, of Wiltshire, and Sarah, daughter of Mr and Mrs S. J. Bennett, of Wiltshire.

Mr D. A. Carter and Miss M. A. Grange. The engagement is announced between David, only son of Mr and Mrs D. A. Carter, of Wiltshire, and Margaret, daughter of Mr and Mrs M. A. Grange, of Wiltshire.

Mr J. M. Croft and Miss E. J. O'Keefe. The engagement is announced between John, only son of Mr and Mrs J. M. Croft, of Wiltshire, and Elizabeth, daughter of Mr and Mrs E. J. O'Keefe, of Wiltshire.

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Appointments in the Forces

Royal Navy
CAPTAIN: J. S. Cooper to Mod with duties as Director of Mod. Jan 31. CAPTAIN: J. S. Cooper to Mod with duties as Director of Mod. Jan 31.

Royal Air Force
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OBITUARY

HRH PRINCESS ALICE, COUNTESS OF ATHLONE

Distinguished service in the British royal tradition

Her Royal Highness Princess Alice, Countess of Athlone, GCMG, GBE, died at Kensington Palace on January 3. She was 57.

Her death removes a member of the Royal Family who, in her generation, rendered distinguished service to the British imperial tradition. In South Africa in the 1920s and in Canada during the Second World War she was wife of the Governor-General, she won for herself an outstanding position of respect and affection. She was never ostentatious but always natural, and endeared herself to the public by a grace of manner and a consideration for others which were her conspicuous qualities.

Her Royal Highness Princess Alice, Countess of Athlone, GCMG, GBE, was a grandchild of Queen Victoria.

Her birth took place at Windsor Castle and the Liberal Home Secretary, Sir William Harcourt, was present in an adjoining room.

Setting a new course for the shipbuilders, page 17

THE TIMES

BUSINESS NEWS

هكذا من الأصل

LAING
make ideas take shape

Stock markets

FT Ind 475.3
ST Gills 68.77

Sterling

\$2.2815
Index 78.6

Dollar

Index 85.5
DM1.7785

Gold

\$589.1

Money

3 mth sterling 142.14
3 mth Euro \$ 172.18
6 mth Euro \$ 164.16
(FT/Day's close)

Forecasts predict rising jobless and further fall in real incomes

By Melvyn Westlake

In marked contrast to the optimistic tone of the New Year message from government ministers, the first economic forecasts of 1981 are unacceptably gloomy about Britain's economic prospects for some time to come.

Unemployment will rise relentlessly throughout much of the 1980s, to reach 3.7 million by the end of the decade, according to Cambridge Econometrics, whose forecast is published today.

Those people who remain in work can expect a steady increase in their real wages. However, because of the rising number of jobless, total real incomes in the economy will drop in 1981, as they did in 1980.

By 1984, as much as half of the revenue from North Sea oil taxes may be spent on unemployment-related social security benefits.

This depressing prognosis is not confined to academic forecasters. City stockbrokers Phillips and Drew foresee unemployment approaching three million by the end of this year.

In their latest forecasts, also published today, Phillips and Drew say that there seems virtually no possibility of a sharp fall in the unemployment rate at any time in the next few years—especially if the present deflationary policy stance remains intact.

The current recession in manufacturing industry is set to be sharper than the great depression of 1929-31. Phillips and Drew say—its expected cumulative decline in manufacturing output to reach 14 per cent between 1979 and 1981, the sharpest decline in manufacturing output this century. The equivalent drop in 1929-31 was 11 per cent.

The alarming depth of the present recession comes immediately after a decade in which the United Kingdom appears to have recorded its worst manufacturing performance since the industrial revolution.

tion. In the period 1970-80, manufacturing output actually fell by 3 per cent. In no decade since 1810 has manufacturing output grown by less than 10 per cent, Phillips and Drew say.

Britain's total output of goods and services is likely to fall by 6 per cent in 1981 and 1982, taken together, compared with a fall of 7 per cent in 1979-81. Furthermore, the prospect of a rapid and sustained recovery from recession, which characterized the 1930s, looks much less likely in 1981, unless government policy is aimed directly at reversing industrial decline.

United Kingdom industrial output, relative to world output, fell by more in the 1970-80 period than in any other decade this century.

In relation to the other major industrial countries, output in Britain has halved since 1950. Cambridge Econometrics believes that a turning point will come in 1981, but any recovery will be hesitant and led by services and consumer-oriented industries.

The outlook for inflation remains the main bright spot. Cambridge Econometrics expects the average rise in consumer prices in 1981 to be 2.7 per cent—in single figures for only the second time since 1974.

This is echoed by Phillips and Drew, which forecasts consumer prices rising 10.7 per cent this year, compared with 15.8 per cent in 1980.

In separate forecasts, James Capel, another City stockbroker, says that as long as the economy is in recession, there is little chance of the Government meeting any of the targets laid down in the medium-term financial strategy launched at the time of the last Budget.

James Capel sees a danger that the Government may be forced to embark on an expansionary Budget precisely at the moment that world commodity prices are picking up, which would have disastrous consequences for the long-term rate of inflation in Britain.

Petrol chief takes over Aston Martin

By Our Industrial Staff

Aston Martin Lagonda, the Buckinghamshire-based luxury car manufacturer, is to be sold to Mr Victor Gamble, chairman of Pace Petroleum and as yet unnamed partner.

Mr Alan Curtis, managing director and a principal shareholder, said last night that he and Mr Victor Gamble, his co-owner, thought that the sale was in the best interests of the company.

Mr Curtis and Mr Sprague rescued Aston Martin from financial collapse in 1975 when the then Labour Government refused funds to keep the company going. Mr Curtis said it was never their intention to maintain long-term financial stake. Earlier this year he and Mr Sprague decided to seek new investors to enable the company to develop.

After extensive restructuring under Mr Curtis's guidance, Aston Martin's finances recovered sufficiently for it to consider buying the MG car subsidiary from British Leyland in 1979, but this proved unsuccessful.

After a number of redundancies and several months of three-day working, the company recently returned to a five-day week. It is now producing four cars a week against an expanding order book in which export sales figure predominantly.

Mr Curtis would not reveal the price which is being paid for Aston Martin, but reports suggest that it is about £3m.

Code of practice on TV air time soon

By David Hewson

The methods used by independent television companies when selling air time are likely to be regulated by a code of practice agreed by the industry within a year.

After concern from the advertising industry about the underselling of air time by some companies to force up rates, there has been pressure for some form of agreed procedure on selling practices.

As a result of representations from the Home Office, the Independent Broadcasting Authority (IBA) set up an advertising liaison committee last year on which the Independent Television Contractors Association (ITCA), the Incorporated Society of British Advertisers (ISBA), and the Institute of Practitioners in Advertising (IPA) are represented.

This committee, which meets under the chairmanship of Lord Thomson of Monifieth, chairman of the IBA, is expected to produce the guidelines on selling air time some time this year.

The concern of advertisers about selling practices was aired earlier this year when the IPA set up a group of media directors

who monitored the amount of time being sold during the peak hours of 5 pm to 11 pm.

It found that three companies were refusing to sell some peak time and forcing up rates for other periods.

There has also been criticism by advertisers of joint selling agreements which exist between Tyne Tees and Yorkshire and Scottish Television and Grampian, and the packaging of peak and off-peak times.

There was strong pressure from advertisers during the passage of the Broadcasting Bill last year for the introduction of competitive selling of air time through independent companies. A number of amendments to this effect were unsuccessful.

Mr Kenneth Miles, director of ISBA, said that the agreement of guidelines by the advertising liaison committee would make quite a difference to a period in which advertisers and television companies have been at odds with each other.

The IBA will be pressing separately for an end to the joint selling agreement between Tyne Tees and Yorkshire as part of the separation of the two companies, now owned by Iridant, which has been ordered by the IBA.

Though the IBA has decided that the two companies must be autonomous, it has indicated that it is willing to consider the continuation of the joint selling agreement.

The system was introduced because of a clash of areas between the two companies in north Yorkshire which might make individual selling arrangements reflect unfavourably on the revenues of one of the companies.

standing and contributing to thinking about the selling of air time.

"It is greatly encouraging that the ITV companies do see that they need to answer some questions in a slightly more public way than in the past."

Mr Miles said that the award of new franchises last month and the current disappointing advertising revenues made it a good time to reach agreement on selling practices.

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British Shipbuilders hopeful of £70m Occidental platform orders

By Peter Hill

Industrial Editor

British Shipbuilders is poised to submit a tender for a £70m production platform for the North Sea, and secure work for thousands of workers on Merseyside and on the Clyde.

Securing the order from Occidental is of vital importance to the loss-making state shipbuilding corporation if it is to gain a strong foothold in the offshore oil market and prevent a further rundown of its labour force.

BS has been discussing the project with Occidental for several months and executives of the oil company have said that they will be glad to place the contract with BS.

Occidental is expected to decide on the order this spring. It forms part of the planned £625m North Sea oil-related investment announced last year by Dr Armand Hammer, the group's chairman, during a visit by Mrs Thatcher, the Prime Minister, to the oil terminal at Flotta in Orkney.

Occidental has already ordered a £250,000 seabed drilling platform from Blackwell Engineering, a BS subsidiary, for extensions at the Claymore field. The production platform will be a pioneering project

and of a semi-submersible design.

But competition for the contract is expected to be very tough with yards in Europe and the Far East submitting tenders before the closing date on January 15.

British Shipbuilders, which this year is expected to lose about £100m, has set up an offshore division centred on the Scott Lithgow yards on the lower Clyde and headed by Mr Cameron Parker.

In the past few months the strength of sterling and the inability of BS to use the Government's shipbuilding intervention fund to narrow the price gap between its prices and those of its competitors for rig contracts has led to a number of valuable orders going overseas.

Last month orders for semi-submersible contracts worth £80m were placed by the United Kingdom companies of Ben Line and Houlder Offshore with the South Korean yard of Daewoo Shipbuilding.

While giving the contract to South Korea on price grounds, Ben Line acknowledged that the BS tender submission was by far the most comprehensive it had received. The Scott Lithgow yard which received a

Minister's warning on dumping

By Derek Harris

Commercial Editor

The world trade recession could encourage dumping by foreign manufacturers. Mr Cecil Parkinson, Minister for Trade, said yesterday when he launched a government campaign to help British industry make more effective use of the European Commission's anti-dumping procedures.

Mr Parkinson said the Government was already pressing for the Commission's unit investigating anti-dumping cases to be enlarged to speed up handling of cases.

The Commission's unit has 25 dumping cases under investigation, most of them affecting sectors of British industry. Investigations by a staff of around 20 take between six and nine months.

The Government's campaign to clear the path of industrial sectors or companies seeking anti-dumping action is taking the form of an information pack which emphasizes the assistance available in presenting anti-dumping cases from the Department of Trade's own anti-dumping unit.

*Dumping—What Can We Do? free from Department of Trade Anti-Dumping Unit, Room 449, 1 Victoria Street, London, SW1H 0ET.

Electronics sales to top £42,000m

By John Huxley

Sales of electronics equipment and components in Western Europe are set to exceed £100,000m (£42,000m) for the first time in 1981, according to an industry survey published today.

The survey by Luron-based Macintosh Publications indicates that sales will rise from \$92,000m to \$103,000m, and continue to grow at a rate of between 11 and 12 per cent until 1984. The highest rate of growth will be in the West German market, where a predicted 13 per cent increase will produce total sales in 1981 of \$27,000m.

The forecast growth of the United Kingdom electronics market is out at 13 per cent in 1981, with sales approaching \$20,000m. Although there is a high level of penetration by British makers by overseas suppliers of electronics equipment and components, the report points to a bright future for British suppliers.

According to Macintosh, the United Kingdom has increased its share of the total European market from less than 16 per cent in 1978 to 19 per cent in 1980.

The report says that high growth of the electronics market is possible despite a generally gloomy economic outlook, which suggests that the combined gross domestic product for the Western European countries will increase by only one per cent in 1981.

The electronic data processing (EDP) sector is expected to provide the greatest impetus for growth, with the European market growing at an annual rate of more than 21 per cent.

By contrast, the authors of the report see consumer equipment as a "continuing problem area". The market here is expected to remain virtually static between now and 1984 at about \$15,000m.

Sales of video games, for example, will now begin to tail off, especially rapidly in the United Kingdom, which has been accounting for more than 30 per cent of total sales.

*Macintosh Yearbook of West European Electronics Data 1981, £130, Macintosh Publications, Macintosh House, Napier Road, Luton LU1 1RG.

Engineering employers oppose sick pay plan

By Our Management Correspondent

The Engineering Employers' Federation is to oppose government proposals to shift sick pay responsibilities from the state to industry. The move is being asked by the federation to prepare estimates of the likely cost of the government plan, and to lobby individual Members of Parliament.

Engineering employers are angry that alternative proposals submitted by them to ministers during consultative discussions have been disregarded.

They maintain that the transfer method proposed by the Government and announced by Sir Geoffrey Howe, the Chancellor, in his November economic package would place an unfair burden on manufacturing industry.

The Government's plan is to make a reduction of 0.6 per cent to industry's contribution to the National Insurance contributions to compensate employers for taking over the state's liability to pay minimum sick pay rates of £30 a week for eight weeks.

The EEF argues that this would enable employers with a high proportion of office and other non-manual employees to make a profit out of the scheme. It points out that in manufacturing industry as a whole, recorded absence through sickness averages about 7 per cent while that of office employees is about 3 per cent.

Instead of a general reduction, the EEF proposes that rebates should be issued to employers on a pro rata basis. Its alternative proposal is that employers would pay out the appropriate level of sick pay to sick employees, and, with proper supporting documentation, deduct the total from their next monthly National Insurance contribution.

The engineering employers say their alternative would still meet the Government's wish to avoid the double-handling of sick pay claims and enable as many as 3,000 Civil Service jobs to be axed.

£56m loans for projects in Britain

From Peter Norman

Brussels, Jan 4

The European Investment Bank has granted loans of £56.5m for projects in Britain. The biggest share of £20m goes to the National Water Council which gets £24.5m for lending to regional water authorities in north west England, south west England and Wales.

British Nuclear Fuels is borrowing £20m to help in financing its share in the Urenco Gas Centrifuge uranium enrichment plant being built with West German and Dutch interests at Capenhurst in Cheshire.

The EIB, which is the Community's bank for long-term finance, has a loan of £60m towards the Capenhurst project because of its importance in reducing the EEC's dependence on imported oil.

A £3m loan goes to Lancashire County Council to build part of the M65, the Valley motorway between Burnley and Nelson. Edinburgh is borrowing £4m to finance a slaughterhouse complex.

NEDO backs demands for cheaper energy

By Patricia Tisdall

Influential backing for industry's case for cheaper energy prices is likely to be given by the National Economic Development Council this week.

New information released to the council will show that large energy consumers in the United Kingdom are paying higher prices than their counterparts in Europe.

On the basis of this, the NEDO will be asked to recommend an urgent review of pricing policies.

Research comparing energy prices in the rest of the EEC to those paid by British users was commissioned in August by the National Economic Development Office, which provides the secretariat and support staff for the council.

This shows that there are some significant differences in the bulk discounts and special price arrangements which can be negotiated by large users on the Continent compared to those in the United Kingdom.

A NEDO paper summarizing the research will be presented to the council during a discussion on energy costs on Wednesday. It is believed to show that several industry sectors, in particular iron and steel, paper and board, foundries and chemicals, are at a disadvantage in the prices they pay for electricity and gas.

The NEDO paper is understood to recommend a number of options to the Government to redress the balance. One of these is the removal of excise duty on heavy oil. Another is to urge the gas and electricity corporations to restructure tariffs to help large users.

The NEDO research will augment data collected by the Confederation of British Industry, based on prices paid at given dates on reports from some 25 multinational corporations. While the CBI maintains that this shows that British manufacturers pay more in a number of areas, the arguments have not so far convinced the Government.

The CBI research was recently criticized by MPs in a Commons select committee on

Huge S China Sea oil find

Hongkong, Jan 4

China has discovered huge offshore oil reserves in the north continental shelf of the South China Sea, according to reports reaching here quoting a Chinese oil official.

The reserves may be among the world's largest found through seismic surveys conducted jointly with foreign firms at a cost of more than \$60m (£25m).

Data reveal three main oil basins: the Tonkin Bay, Yinghai, and the Pearl River estuary covering more than 206,000 square kilometres.

China has signed an agreement with Total, the French oil company, for exploitation in the north east of the Tonkin Bay, and the first test well would begin operating soon.

The corporation has also reached agreement in principle with Amoco, the American group, to open up the Yinghai basin. Altogether more than 50 foreign companies have offered to help China in developing the South China Sea oil basins.

Because of declining oil output, China may be unable to fulfil its promise to ship 15 million tons of crude oil to Japan this year. Agence France Presse.

Senate committee chief likely to give commodity speculators free rein

Republican support for a new gold standard

The assorted committees of the United States Senate start work under their new Republican Party leaders this week, and gold and silver enthusiasts are looking forward to developments. Their champion, Senator Jesse Helms of North Carolina, will be the new chairman of the Agricultural Committee which has wide powers over the commodity markets.

This senator is an ardent enthusiast of free enterprise as well as being convinced of the merits of reestablishing a global monetary system based squarely upon gold.

Operators in the commodity markets have feared that their freedom of action would be curbed sharply after the silver price turmoil of 1980. Now they can relax and Mr Nelson Bunker Hunt, whose heavy buying of silver preceded the price collapse can concentrate on striving to develop his theories. He said the other day that he was convinced that the time would come when one ounce of gold was worth no more than five ounces of silver.

Currently gold is worth 31 times more than silver.

The leading monetary experts are dismissive of suggestions of any revival of an official role for gold. Like the gold enthusiasts, they admit that the monetary system needs reform and greater stability, but they have no taste for the yellow metal.

At a recent conference sponsored by Philadelphia by the Global Interdependence Centre it was clear that such respected figures as Dr Johannes Witteveen, former head of the IMF; Professor Peter Kenen and Professor Robert Triffin, were all committed to a much stronger special drawing rights.

The IMF will move in coming weeks to try to increase respect for the SDR. Decisions on raising the interest rate yield on the unit, on allowing more institutions to hold it, on possibly creating more SDRs and on trying to sell SDR denominated securities may all be taken by the Fund this year.

But as the Fund, with establishment backing, moves to press the claims of the SDR, so the formidable Senator Helms will move in on gold.

The Fund's ideas may get rough treatment from Congress. Many foreign governments, not to mention the Fund's staff, may be dismayed to discover that Senator Helms is most able at twisting Reagan Administration arms and making the

revival of an official role for gold at least a subject the United States authorities might be keen to discuss.

So far Senator Helms has not outlined how to establish a new gold standard, domestically or internationally, without causing severe deflation. He also must find answers to those critics who stress it is dangerous to leave our fortunes in the hands of the Soviet and South African governments, which control global gold supplies and which have policies repulsive to most Western nations and the Third World.

Hardest of all, the senator and his advisers will have to demonstrate why gold should add to stability. The price of the metal has been volatile in 1980. It ended 1979 just above \$500 an ounce, then soared far above \$500, and closed the year down around \$350. A Russian invasion of Poland, or further sharp Middle East tensions, could again send gold soaring.

The trouble for the gold enthusiasts is that its price is totally at the mercy of economic and political developments. Most speculators, including the flamboyant Mr Hunt, are willing to acknowledge this.

He admits he does not know when one ounce of gold will reach a value equal to five ounces of silver, but he is certain this ratio will be established. "At that time, we hopefully might have seen a sum of paper currency that gold is again \$35 an ounce, and that would make silver worth \$7 an ounce."

Frank Vogt in Washington

THE POUND

	Bank buys	Bank sells		Bank buys	Bank sells
Australia \$	2.09	2.01	Norway Kr	12.78	12.22
Austria Sch	34.60	32.60	Portugal Esc	131.50	125.00
Belgium F	78.00	74.50	South Africa Rd	2.08	1.95
Canada \$	2.905	2.825	Spain Pta	162.50	185.00
Denmark Kr	14.94	14.25	Sweden Kr	10.84	10.34
Finland Mmk	9.55	9.10	Switzerland Fr	4.37	4.27
France F	11.15	10.70	USA \$	2.44	2.37
Germany DM	4.83	4.62	Yugoslavia Dnr	68.00	61.00
Greece Dr	132.00	125.00			
Hongkong \$	12.60	12.00			
Ireland Pd	1.295	1.24			
Italy Lit	2280.00	2180.00			
Japan Y	306.00	280.00			
Netherlands Gld	3.54	3.01			

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of International Ltd. Dis-
count rates apply to travellers' cheques
other foreign currency business

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MANAGEMENT

Edited by Andrew Goodrick-Clarke

A new sense of direction at Bestobell

In the middle of last year Bestobell sold its spacious nineteenth century head office, Stoke House near Slough. It had 13,600 sq ft of floor space, including extensive car parking facilities, parking for more than 80 cars, a caretaker's cottage and executive residence, all set in six acres of landscaped grounds.

The £1.55m cash raised, which could be more usefully employed elsewhere was the motive for the deal. But the move to a much smaller, modern office in the centre of Slough provides an apt symbol of the changes at Bestobell during the last couple of years, as it has regained its corporate confidence and developed from a rather flaccid, directionless engineering conglomerate into what is beginning to look like a keener and more aggressive group.

This obviously had a great deal to do with the fact that Bestobell's life as an independent quoted company nearly came to an end in 1979. Then, shortly after Mr Sandy Marshall had joined the group as executive chairman after being ousted from the P&O shipping group, Bestobell found itself on the end of a £29m bid from BTR—the acquisitive components rubber products and valves group, the largest of a string of successful acquisitions behind it.

Largely due to the lively defence organized by Mr Marshall, shareholders gave Bestobell the benefit of the doubt, a judgment which so far appears justified by the resumption of profits growth.

Bestobell is now capitalized in the stock market at nearly £40m. BTR, with a stake of 23 per cent, remains the largest shareholder and there has been speculation that it might bid again. However, this now seems unlikely.

In 1979 Bestobell was struggling to break out of the torpor which had enveloped it. Profits, after rising steadily from £1.8m pre-tax to £5.6m in the first half of the last decade had by 1978, slipped back to £4.8m—the



Mr Sandy Marshall, chairman of Bestobell: favours periodic changes of structure.

level of four years earlier. The group's involvement in a number of specialized, high-technology areas was little appreciated; a heavy capital spending programme and investment in new products had to work through to profits and a reorganization of the management structure was overdue.

BTR evidently recognized all this and was eager to acquire a company which had considerable strengths but whose real potential was yet to be unlocked. The picture now is very different. And, ironically, the BTR bid enabled a number of actions to be taken quickly and effectively, says Mr Marshall, without having to go through lengthy, participative, democratic procedures.

The crucial change in the management structure at Bestobell has been the establishment of six operating groups headed by business group managers,

each responsible for the profitability of their group. Two of the operating groups cover overseas operations, and the United Kingdom is split between controls and instrumentation, energy engineering, aviation and seals and consumer products.

The new structure replaced a rather haphazard system in which responsibilities were confused and decision-making impeded. Divisional chief executives presided over various parts of the group but the companies under them still acted as individual, autonomous units. Furthermore, the divisional chief executives did not have responsibility for the profits of their divisions. "They were coordinators rather than managers", Mr Marshall says.

An example of this loose, ill-defined structure was that the small Far Eastern companies in Hongkong, Singapore and

Malaysia reported directly to the main board. Under the new structure they have now been brought under the direct ownership and control of the subsidiary which forms one of the two overseas operating groups.

The changes in management structure at Bestobell, while not altering the day-to-day running of the companies, have pushed responsibility for marketing as well as profits away from the centre of the organization where it had tended to accumulate. A result of this decentralization has been a reduction in head office staff from approaching 60 to just over 30.

The aim of the changes which have occurred since Mr Marshall arrived has been to restore clarity of purpose and direction to a group which had grown almost accidentally over the years through a series of disparate acquisitions.

Beforehand, says Mr Marshall, there were too many "people around" and there was "no real definition of what they were trying to do". Now, he says, "there is a greater understanding of what Bestobell does and where it is trying to go".

This is reflected, for instance, in a more discerning approach to investment. Bestobell could not be faulted for having underinvested. But in the past the group had adopted a "scatter-shot approach", explains Mr Peter Lewis, the finance director, who has been with Bestobell since 1978.

In fact, there used to be a saying at Bestobell that you never got a capital spending programme turned down. That is probably still true, says Mr Lewis, but the group now takes "a much more focused view". Fewer programmes are suggested and they tend to be bigger.

Investment is now concentrated in the fast-growing, profitable areas where Bestobell has some particular expertise to offer. A good example

is aviation and seals, where the group makes rubber-based mouldings and seals with a high design element: roughly nine-tenths of output is made to order.

Recently Bestobell added to its aerospace exposure with the acquisition of £3.4m of Avica, a group making ducting components for aeroplanes.

The changes Mr Marshall has presided over have not been radical but their impact seems to have been considerable. Morale has improved, "it's no longer Auntie Bestobell", one of the business group managers says—and there is a defiant attitude within the group towards BTR which has pointedly rejected their bid, beyond consolidating the bid, beyond consolidating the bid, beyond consolidating the bid.

Profits rose by a third to £6.4m in 1979, beating the forecast made to ward off BTR, and in the first half of 1980 profits were up by 24 per cent to £4.1m.

Pushing power away from the centre has given cohesion to a diverse grouping of manufacturing, contracting and marketing companies spread throughout the world whose interests range from decorative paints to microprocessor-based metering equipment.

Mr Marshall, himself, has no particular brief for decentralization. "I'm in favour of periodic changes in structure to fit the requirements of the time", he says. Centralization is fine as long as you get the benefits from it but this clearly was not the case at Bestobell. As regards his own position as executive chairman, Mr Marshall is equally pragmatic. Sometimes an executive chairman is needed but "in general I favour splitting the role of chief executive and chairman". This suggests that before too long Mr Marshall may want to lessen his involvement with Bestobell to that of non-executive chairman and find another outlet for his energies.

Peter Wilson-Smith

LETTERS TO THE EDITOR

Effects of the rating system on industry

From Mr John Heddle, MP for Lichfield and Tamworth (Conservative)

Sir, Your leading article, "At Mr Heseltine's discretion" (December 17), and Mr R. F. Parsons' letter (December 30) are surely both right to refer to the fact that our rating system, which bears so heavily and so unfairly upon the commercial and industrial ratepayer, is ripe for radical overhaul, but regrettably the examination of the alternative forms of local taxation so far suggested by the experts in these matters does not seem to produce conclusive evidence that they are necessarily fairer than the present system. I note that your leader and your correspondent were both conspicuously silent about alternatives too.

While the commercial and industrial ratepayer is disenfranchised he is not, as Mr Parsons suggests, being taxed without representation, for this is the time of year when political parties are turning their minds to selecting candidates to stand in the local elections in the spring. It would be useful to remind industry and commerce to help themselves by allowing their senior executives to stand for election to

local councils—thus ensuring that their voice is heard much louder and more effectively in the municipal corridors.

Section 79(C) of the Local Government Act, 1972, allows any employee (whether he or she lives in the electoral area or not), whose principal or any place of work during the 12 months preceding the election, is in the electoral area, to stand for election as a councillor. He or she does not have to be on the electoral roll as is commonly believed.

May I also suggest two further ways in which the rate burden on industry and commerce could be eased?

I believe consideration should be given to the abolition of the liability of certain classes of industrial plant and machinery, which are by nature "manufacturing" as opposed to "service" equipment, and surely the commercial and industrial ratepayer can be protected from excessively high rate poundages by the introduction of the business vote at local government elections.

I am, Sir, Your obedient servant, JOHN HEDDLE, House of Commons, London, SW1, December 31.

Credit card surcharges and tourists

From the Director of The Board of England Tourist Board

Sir, Mr Derek Whealey (Business Letters, December 17) correctly describes the effect of the "non discrimination clause" in credit card companies' agreements with, in particular, filling stations. This change, however, will be detrimental not merely to the interests of British motorists, but to our foreign tourist trade.

We are currently trying hard to repudiate a burgeoning reputation for "ripping off overseas visitors". Many foreigners coming to Britain bring credit cards which are linked to our own Access and Visa networks, and would normally be expected to be able to use it here, as in their own countries, without a surcharge being imposed. Inevitably, they will view a surcharge in Britain as yet another imposition, and thus yet another straw on the camel's back of a vital, but dangerously vulnerable, source of foreign exchange.

I implore the Government to allow the clause to remain, in the interests of all consumers, British and foreign. JOHN BROWN, Director, The Heart of England Tourist Board, Old Bank House, Bank Street, Worcester, WR1 2EW, December 24.

Garage costs

From Sir Robert Kirkwood

Sir, I should have thought that one of the greatest services that the AA or the RAC could offer the unhappy car owner is some form of protection from rapacious garage owners. A recent example: repair estimate in Canterbury £175, same job in London 589. ROBERT KIRKWOOD, Three Kings, Sandwich.

Professional engineers

From Mr James Bentley

Sir, Yet another article (Patrick Tisdall, December 22) points out what everyone knows already: engineers do not end up running companies. Your article will only dissuade career artists, parents and A level candidates from thinking about engineering courses.

Why not point out that an engineering degree is an excellent discipline in itself and does not condemn the graduate to a lifetime of white coats or dirty finger-nails?

With advances in technology affecting the sales and market-

ing function particularly, let's have more encouragement for well educated young people to look at engineering in the same light as accountancy or law—as a respectable profession.

Tell them the prospects are there, the rewards are there—all that's lacking is communication. (How many chartered engineers are employed by The Times?)

JAMES BENTLEY, 1, Strauss Road, Chiswick, London, W4 1DL, December 23, 1980.

New Year holidays and productivity

From Mr J. R. Jordan

Sir, As usual this Christmas the majority of the working population took a two-week holiday between Christmas and the new year, resulting in enormous losses in productivity which the country can hardly afford.

I think we should take all the emotion out of the situation and enter in the statute book the following legislation:

1. Every year the Christmas

Day and Boxing Day holidays should fall on a Friday and the following Monday since December 25 is the "chosen" rather than the "proved" birthday of Christ. The commemoration of his death, after all, is calculated at Easter which varies each year and always falls on a Friday and Monday according to the movements of the moon.

2. The New Year holiday

should always fall on the Monday of the week immediately after the Boxing Day holiday.

In this way no more than one working day in the week will be lost and perhaps the country might benefit from a little more work.

J. R. JORDAN, 24 Kingsley Place, Highgate Village, London N6, December 31.

Trying harder in the truck rental business

Whatever the prospects for the economy as a whole this year, there is at least one small sector of British industry that is confident of growth. Such rare optimism is to be found in full-service truck leasing. Although it is a business that is still on the slight slide, its leading participants are all established heavyweights. BRS and Ryder are contesting the leadership, but both Avis and Hertz have the declared ambition of being number one.

All four have considerable experience in the spot renting of commercial vehicles and can supply anything from a small van to a 40-tonne articulated truck for as little as a day at a time, but each sees the best prospects for the future in tailor-made, long-term deals.

Traditionally, British companies have owned their own transport fleets, and as recently as the early seventies renting was frowned upon as a necessary evil. Not only did hiring go against the national ethic of ownership (TV rental was slow to catch on for the same reason) but it was also seen as evidence of bad planning.

Gradually, however, the practice acquired respectability as transport managers came to realize that extra vehicles available at short notice could cover traffic peaks, enabling a firm to reduce the size of its permanent fleet by as much as 10 per cent.

Renting, too, could help out in emergencies such as breakdowns, and be used for experimental cargoes or trial runs of new delivery. But, if the practice of renting had become respectable, the same could not be said of some of its practitioners.

In 1975, Hertz withdrew from the truck rental business on the grounds that it had become a rat race in which most of the runners were

unscrupulous. Back-street operators were cutting rates, becoming the order of the day and the large national concerns were finding it difficult to compete and at the same time maintain their reputation for high standards.

At the beginning of last year, however, Hertz reentered the fray, arguing that the ground rules had changed. In particular, legislation requiring transport managers to hold certificates of professional competence had given rise to a new breed of experts who were chary of rock bottom rates and shoddy service. Apart from anything else, the penalties for running an unworthy vehicle, even a rented one, were severe and could result in a firm's entire fleet being banned from the road.

Compelling economic arguments for renting vehicles, inflation and high interest rates had added immensely to the cost of operating an in-house fleet.

For example, today a 32-ton articulated lorry costs £26,000 to buy and about £1,400 a year to tax. If you add depreciation, interest charges on borrowed capital, and the expense of providing back-up and maintenance services, it costs about £260 a week to own a heavy vehicle before it even turns a wheel. There is, therefore, a powerful incentive to pare down fleets and to supplement them with rented trucks.

But, impeccable though Hertz's reasoning may have been, the timing of its reentry was to say the least unfortunate. Last year the truck rental business, estimated to be worth more than £100m by the end of 1979, shrank by 85 per cent, a decline explained almost entirely by widespread running down of industrial stocks during the recession,



Mr Jim McGovern of Avis: operating a fleet is best left to experts.

meaning that there were far fewer goods to transport. Inevitably, too, there was a resurgence of the fierce price cutting that had led to Hertz's withdrawal five years before.

With most firms negotiating deals well below their printed tariffs. Moreover, this is a business in which overcapacity in a recession is exacerbated by the incursion of dealers who, unable to sell vehicles, offer them for hire at knock-down rates.

This time, however, Hertz is staying put. Mr Peter Judson, director of the company's United Kingdom truck rental and leasing operations, says that his expansion plans have inevitably been curtailed, but that the goal of being market leader by 1985 is still attainable.

"Truck rental is always one of the first industries to feel the bite of recession", he says, "but as soon as the economy starts to recover, rental will be profitable again." The underlying reason for Hertz's confidence is the potential for growth of truck leasing. Along with other major operators, it believes that the advent of the professional transport manager and the general acceptance of rental have prepared the

ground for a revolution in fleet operations.

According to Mr Jim McGovern, marketing manager of Avis Truck Leasing and Rental, firms are beginning to realize that operating a fleet is a specialized business that is best left to experts.

"Apart from the large capital commitment involved", he says, "you need the administrative skill to handle the buying, selling, taxation, and licensing of vehicles, as well as the repair and maintenance staff and facilities. And even then you still have all the headaches when trucks break down."

Full-service leasing overcomes those problems by providing companies with trucks that they can use but other people can worry about. Typically, the rental company will buy and sell the vehicles, paint them in the customer's livery, and tax, maintain, and repair them. Should they break down, all that is needed is one telephone call and expert help and a replacement vehicle will be on the way.

"The advantages to the user are enormous", says Mr McGovern. "He gets his regular standing charge plus a mileage charge calculated on

the basis of likely use, so he knows exactly how much per mile he is paying to transport goods. He has no capital outlay, saves valuable space on garage and maintenance facilities that he can turn to more productive use, and has the back-up of experts. But, above all, he is free to go about the business of running his own business."

But what are the advantages to the rental companies? Well, it has not escaped Avis, Hertz, BRS, Ryder, nor any of the smaller rivals, that leasing can go a long way towards liberating them from the terrifying volatility of the truck rental game.

And their determination to stick in the frustrating and sometimes hair-raising business of commercial vehicle management is explained by two simple statistics: 95 per cent of all the movements of goods in the United Kingdom are undertaken by road and 60 per cent of commercial transport is still handled by companies operating their own fleets. Even a small slice of such a large and rich cake is an appetising proposition.

Iain Murray

A town realizing prosperity from its strategic location

Of all the towns of Gloucestershire and parts of the West Midlands, Tewkesbury can stake a good claim to being the best placed for industrial development. Junction nine on the M5 motorway is situated only a mile or so to the east between the town itself and the industrial suburb of Ashchurch. Around the junction is a spacious area, of about 99 acres, designated for development.

The original idea, when the project was launched in 1975, was to develop this strategically situated estate as a complex of warehouses in which goods would be stored for distribution to customers all over the West Midlands. Key Markets was one of the first firms to select it as a distribution centre, and other wholesale companies began to "take an interest. As it happens, however, the main developments so far have been industrial.

Industrial development began at Ashchurch well before the ambitious 1975 schemes—in fact as far back as the early 1940s when the late Sir George Dwyer, searching for premises for repairing aircraft equipment in wartime, spotted a range of stables housing railway horses. The Dwyer holdings at Ashchurch, devoted mainly to mining

equipment, now comprise a vast industrial complex occupying more than 60 acres. The administrative headquarters of the firm are at Cheltenham where, in a country mansion set in a park of 100 acres, the Dwyer group controls a worldwide organization of some 24 engineering companies.

The development land around the motorway junction is all privately owned. The London-based Ashville Group, this year acquired a 22-acre site on which it plans to develop a £12m trading estate over the next five years. It aims at a low density of building with ample space for manoeuvring and parking vehicles. Robert Hitchins, a building firm with headquarters near Cheltenham, has another 50 acres with planning permission for a million square feet for industrial and warehouse development and is already constructing, mostly on a speculative basis, the first 25,000 square feet of factories and warehouses.

There are already more than 30 factories established at Ashchurch. They cover a wide range of industries from engineering and electronics to car auctions. One of them, Glosal, a part of Pillar Alu-

Industry in the regions

Tewkesbury

minium, which itself is a subsidiary of Rio Tinto Zinc, makes aluminium-framed windows and doors for the home and commercial markets.

The Ashchurch development represents a happy compromise, for it enables the district to develop a much needed industrial presence without spoiling the character of the medieval town of Tewkesbury. Situated at the confluence of the rivers Sever and Avon, Tewkesbury had a natural strategic importance in the days when England and Wales were frequently troubled by internal wars, and indeed the last decisive battle of the Wars of the Roses was fought, in 1471, in a field still known as Bloody Meadow, less than a mile south of the town.

In the Middle Ages, Tewkesbury grew around its Benedictine Abbey, and its attractive character, which has been designated a conservation area, still

possesses many fine half-timbered houses from that period. The town naturally wishes to preserve its picturesque heritage, which attracts large numbers of tourists every summer, and so is perfectly content to see the industrial development occurring in the next parish, Ashchurch.

In earlier centuries Tewkesbury, besides being a thriving market town, prospered through its river-associated industries, of which some survive. Heading's flour mill, for instance, gets most of its supplies brought up-river by barges. Several old-established industries flourish, though now mostly in response to the tourist trade. On the other hand, a once-prosperous knitting industry, which formerly employed some 1,500 persons, has entirely disappeared.

At present, an analysis of the employment situation in the Tewkesbury-Ashchurch urban area shows that 50.5 per cent of the work force is employed in the manufacturing industries, 21.7 per cent in the service sector and 25.8 per cent in offices. Until recently, the unemployment level has been far below the national average (2.71 per cent of the working population in 1979,

but 3.68 per cent in June, 1980).

In the recently published Gloucestershire county structure plan, the county council looks forward to the creation of 2,450 new jobs in the Tewkesbury district by 1996, 600 of them being in manufacturing and 1,400 in offices. Such a development, it suggests, would be just about sufficient to absorb the expected increase in the work force by that date. The preponderance of new office jobs reflects the borough council's desire to promote more office development.

Outside the town and its immediate environs, the North Yate District of Gloucestershire, of which Tewkesbury is the centre, has little industry and few opportunities for its development. The Sever-Trent Waterways has its headquarters at Southwick Park, while at Ashchurch a big army camp, serving as a vehicle depot, provides work for about 500 civilians. Apart from Tewkesbury and Ashchurch, however, the North Vale area is almost entirely agricultural and residential. Many of the householders travel daily to Gloucester and Cheltenham.

Ralph Whitlock

BY THE FINANCIAL EDITOR

Running bids

Merchant bankers are not having quite so relaxed a start to this year with an unusual number of takeovers in the pending tray. Dominating the scene is Enserch's £143m approach to Davy Corporation, but there are several smaller bids rumbling on in the background such as Hanson's unwelcome move on Central Manufacturing and Trading; the third party intervention in AAH's agreed offer for Renwick; C & J Clark's attempt to lace up K Shoes; while Berisford's £124m designs on British Sugar are presently snarled up in the Monopolies Commission.

In part this is simply a reflection of the steady upturn in takeover activity in the last couple of years. After the boom year of 1972, when more than 1,200 companies worth £2,532m disappeared from public view, takeovers went out of fashion as companies became preoccupied with coping with higher oil prices and the recession. The hiatus lasted until 1978 when the stronger stock market, which has not only helped companies make paper offers but also made it easier to launch rights issues to fund acquisitions, has got things moving again.

In 1979 the value of takeovers reached £1,656m, more than four times the average of the lean years in the mid-1970s, although adjusting for inflation the figure is still well down on the halcyon days of the early 1970s. The latest official figures cover only the first nine months of 1980 but there has been no apparent let-up in the pace. The £406m blockbuster from British Petroleum for Selection Trust produced an especially buoyant third quarter and with several bigish bids since then—Bass's for Coral and Unigate's for Giltspur—last year looks as though it will be the best for more than a decade, in value if not in actual numbers of companies acquired.

Official attitudes

The pick-up has come at a time when official attitudes towards mergers and takeovers have changed markedly from the free-wheeling days of the 1960s and 1970s when they were viewed as one of the ways of improving Britain's industrial structure. Both the previous Labour Government and now even more forcibly the Conservatives, have become distinctly sceptical towards mergers, wanting to see real benefits flowing, particularly in the case of conglomerate mergers. The latest Monopolies Commission investigations seem to reflect this having become rather more capricious such as in the referral of Grand Metropolitan's bid for Coral.

Moreover, much of the academic research on the mergers of the 1960s and 1970s is inclining towards the view that many bidders would have done better had they not taken over others—Tate and Lyle seems to be the latest example—only two years after the takeover of Manbire & Garton.

The underlying level of takeover activity may also be understated to the extent that last year's spate of dawn raids could be viewed as surrogate bids in the sense that companies were taking strategic stakes to keep their options open until the time was ripe—as the number of raids that matured into full bids subsequently seems to have proved. Now that that particular game has had the rules altered, acquisitive companies may have to revert to straight bids.

Apart from patently strategic takeovers—BP's for Selection Trust and the United States bids in the insurance broking sector—many of last year's acquisitions bear all the hallmarks of simply buying assets on the cheap, although in the case of Royal Decan and Thorn/EMI the two motives are mixed up. Nor does the strength of sterling seem to have deterred overseas buyers: Furness Withy has fallen to the charms of Mr C. Y. Tung while Enserch clearly feels that Davy's lean times at present are too good a buying opportunity to allow currency factors to put it off.

Contested offers

Despite strained corporate liquidity (and a relatively strong stock market) there has been no reversal of the trend of much of the 1970s towards financing takeovers by cash rather than issuing paper—around 55 per

cent compared with less than half that figure a decade ago.

Perhaps the option to offer cash is one reason why a growing number of companies seem prepared to press ahead with contested bids which at one stage, as the Takeover Panel flexed its muscles, appeared to be less and less likely of success if the board of bid-for company opposed the approach.

So there seems no reason not to suppose that takeover activity will start to increase, especially as past experience seems to show that spending increases not just when cheap assets are on offer but when business confidence picks up. Assuming that many companies, even in the hard-pressed manufacturing sector, are now through the eye of the storm those in a relatively stronger position may already be talking more seriously to their merchant banks.

Enserch Corporation's £143m offer for Davy, a leading British process plant contractor (which is strongly opposed by the Davy board), will live up towards the middle of this month when S. G. Warburg, who are advising the Americans, send out formal documents.

Davy plans to spell out its defence in detail at that point which, unless there is a reference to the Monopolies Commission, will be based on the view that Davy is well able to compete independently for international contracts.

That of course counters the main plank of the Enserch case that Davy, despite its acquisition of McKee Corp a couple of years ago, will be too small to compete effectively for the sort of contracts that are going to be available during the 1980s, but that a combination of Davy and Enserch's own Ebasco contracting business would create a business at large as almost any in the field.

Tempting Davy shareholders

Assuming no reference, however, Davy will be forced back on either trying to produce a friendly merger with someone else or making out a defence case based on prospects following last year's disappointing profits setback.

In an open-market situation, Davy must know that its shareholders will be tempted by an offer which is perhaps two-thirds above the underlying trading price at this stage of the engineering recession.

Among last year's dawn raid targets, one that looks like escaping by jumping into the arms of another company is K Shoes. Ward White, another shoemaker, bought nearly 15 per cent of K Shoes in October. Subsequently, the privately owned West Country shoe group C. & J. Clark stepped in and agreed a £22.4m cash bid with a relieved K Shoes.

It is not yet certain that Clark's offer will go through. Speculation in recent weeks has pushed shares in K Shoes above 100p against the 95p bid price.

A number of companies fallen on hard times and suffering from the impact of the recession have found themselves on the end of takeover bids and in a number of cases contested ones. Today is the first closing date for Hanson Trust's £13m bid for Central Manufacturing and Trading, the loss-making industrial holding group. Hanson already has 13.3 per cent of CMT, but CMT is vigorously defending what it considers an opportunistic bid while Caparo, the private investment company, has built up a 19.5 per cent stake in CMT and is against the bid.

A rival bid could be on the way for Record Ridgway, the loss-making Sheffield hand tools company. Bahco of Sweden has already bid £4.1m cash and bought nearly 10 per cent in the market but Record Ridgway has now received another approach which could lead to an offer.

Meanwhile, the outcome of AAH's agreed 65p share bid for Renwick has been thrown into doubt following heavy share buying through stockbrokers. A. J. Bekhor on behalf of a number of mysterious investors at prices up to 85p. Uto Bank of Zurich, it was revealed last week, held 22.5 per cent of Renwick on behalf of six "unrelated" clients and shortly after it was announced that Kangra International Holdings, registered in Hongkong, held 14.97 per cent. It remains to be seen whether a counter-bidder emerges. Meanwhile the first closing date for AAH's bid is today.

A few years ago the bows of supertankers towered over the terraced houses which cluster round the shipyards of Swan Hunter on Tyne-side. The chatter of the riveting hammer reverberated around the yards and streets which surround them with the cascade of sparks from the welding torches a familiar sight.

Those were the good days, when Britain was the world's biggest shipbuilder and what owners queued up for a shipway.

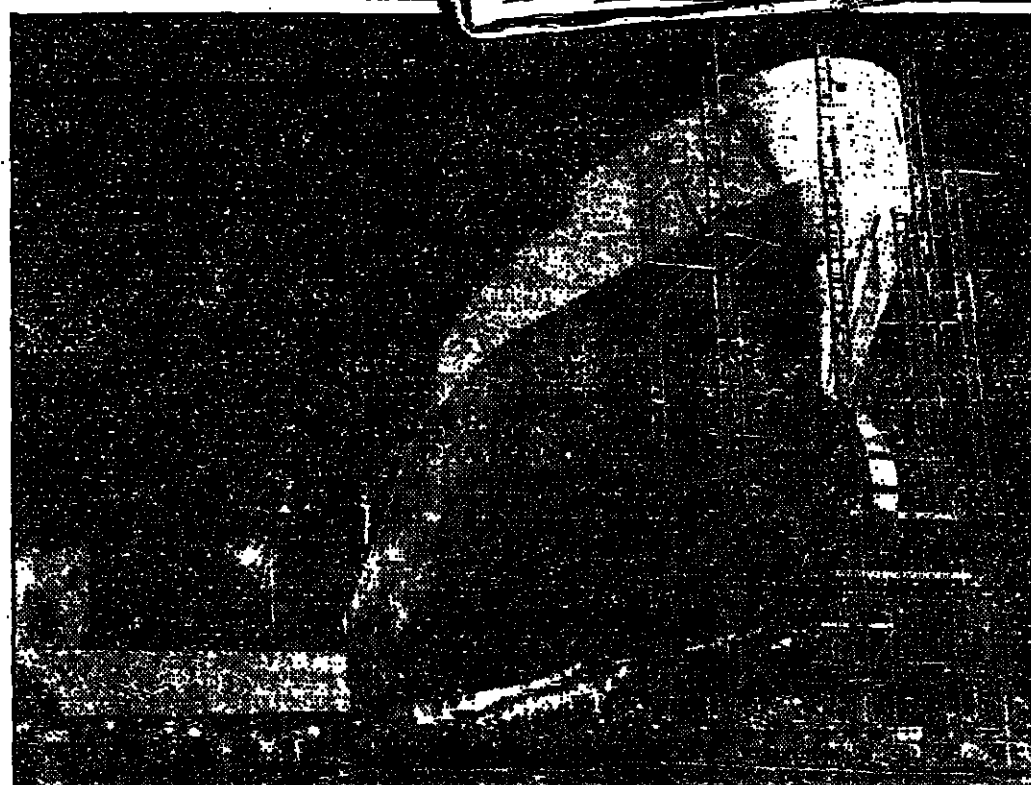
Today the shipbuilding industry is on its knees. Most of the building berths on Tyne-side are empty; the giant cranes are idle and those shipyard workers who have not become a victim of the recession and taken their redundancy wonder whether it will be the loss of their job, or a new contract which comes first.

The competition for orders is fierce, and Japan and emergent shipbuilding nations in the Far East are swallowing up a worrying volume of the available work. Last week it was reported that in 1980 Britain's shipyards had produced the lowest volume of new ships for 50 years.

But while the industry suffers from a shortage of orders and the problems of competition, the industry's research bears continues to beat strongly. It is hoped that its efforts will lead to the re-emergence of a tough competitive and vigorous shipbuilding with expertise and detailed research and development assistance.

Tucked away by the banks of the Tyne at Wallsend, the 300 or so naval architects, computer specialists, marine engineers, metallurgists and mathematicians of the British Ship Research Association are pursuing a range of research projects which will have worldwide repercussions and should help to preserve the home industry.

The association, set up in pre-nationalization days and funded by the industry is a research and development organization committed to pass on technology which will help the British shipping and shipbuilding industries. Since nationalization of the shipbuilding industry ten years ago its international relationship with British Shipbuilders has been, to say the least, confused, but it is hoped that the links will be clarified in the course of the next few months.



A once familiar sight in the yards around Britain: last year the number of UK-built ships was the lowest for 50 years.

Peter Hill

Can research set British Shipbuilders on a new course?

Changes are already taking place, not least a greater drive to secure research projects from overseas clients—without any conflict with the organization's main task of providing the domestic industry with expertise and detailed research and development assistance.

Among projects now under way at the BSRA is one concerned with applying the micro-processor to maritime use. This is likely to lead to the introduction of a new generation of highly automated merchant

ships with substantially reduced manning levels.

Predictably, Japan has already made a practical start on the automated ship. Last year it introduced three container ships running between Japan and Australia with a crew complement of 18 and a design target of a total crew of 12.

Experts at the BSRA believe that it will be some years before manning levels can be brought down to single figures (this will in any case be influenced by ship types and the

routes on which they are deployed), but lower manning levels will soon become more widespread.

Owners will need greater automation because of the effects of inflation and the level of living standards in industrialized countries, which, ultimately, are reflected, at least partly, in charter rates and the competitiveness of a country's merchant fleet.

So, working on a programme sponsored by British Shipbuilders, experts at the association have over the past two

and a half years been engaged in work which has included a preliminary study for an automated petroleum products tanker. They are attempting to define, in operational terms, the likely automation requirements for the ships of the future.

An evaluation of the application of microprocessors to cargo handling has already been carried out. This is a particularly fruitful area, as eventually the new technology could remove much of the drudgery of documentation and significantly reduce the time at present involved in working out cargo loading and unloading patterns.

This can be a complicated matter in the case of chemical products tankers, for example, involving partial discharge of certain tanks and topping up of others at different ports of call.

The feasibility of incorporating certain typical operations, such as the washing of a ship's tanks into an automation system so that they can be controlled by an operator from a single keyboard, is also being examined.

Meanwhile, late last year the organization began another research project, again funded by British Shipbuilders, on the manoeuvrability characteristics of ships. The aim is to identify characteristics which are known to be present in ships which have good manoeuvrability so that they can then be incorporated into future ship designs.

This work is set against the background of recommendations issued 12 years ago by the United Nations-sponsored Inter-Governmental Maritime Consultative Organization which suggested that large ships (and particularly large oil tankers) should carry on their bridge a booklet outlining the vessel's manoeuvrability characteristics to help both the ship's master and pilot.

Those recommendations have still to be ratified by member states, but there is a belief in maritime circles that problems caused by inadequate manoeuvrability may well soon result in such recommendations being generally introduced.

In Wallsend, therefore, in an area which has long been a centre of British shipbuilding and which has shared in its achievements in the past, the groundwork is now fast being laid for developments which offer genuine hope for Britain in the future.

Brazilian drive to exploit the land

Sao Paulo

To keep pace with growing food consumption at home, increase export revenues, and produce the equivalent of at least 300,000 barrels of oil a day from biomass (vegetable) sources Brazil is going to have to cultivate an extra 11 million acres of land, an area the size of Holland, each year from now on.

At present, Brazil cultivates only about 12 per cent of its available land, much of this at very low productivity, leaving large scope for improvement.

Nevertheless, it increased farm output by virtually 10 per cent last year and there was a record grain harvest of 51 million tons. Some \$7,000m is estimated to have been earned from exports of basic farm products, \$10,000m if processed foods and products such as coffee, frozen chickens and tobacco are included.

Brazil has also halved her food import bill from 1979's \$2,000m with 70 per cent of food imports last year represented by wheat, which is still subsidised.

There are ambitious plans to grow wheat on the dry lands of the centre, which can be very productive for the three years out of four when they are not affected by drought, but Brazil will probably remain a wheat importer as it must grow more economic sense to grow other crops on its land.

As well as incorporating new lands, to which there is a limit and a measure which often exacerbates already severe tensions in the countryside, Brazil

is now doing its best to raise productivity. It is investing heavily in research, through a network of institutes. These are working on the development of new plant strains and land use techniques.

Particular interest is being shown in the dry, but potentially productive, lands of the Cerrados of the centre, which form a third of Brazil, and the semi-arid north-east.

But perhaps the most important move of all has been a profound change in the philosophy of taxing farmers. A progressive tax on underused land has been introduced, devised by the land reform and colonization agency, Incra. It will increasingly penalize farmers who are not sufficiently productive.

In previous years 90 per cent of Incra's tax revenue came from small farms, because the land on small farms tends to be more valuable than that on larger ones. Now, however, 80 per cent of Brazil's four million farmers will not pay any tax at all, while large landowners who do not cultivate at least 10 per cent of their holdings will be taxed in the first year at 2 per cent of its value, then double that in each succeeding year.

Mr Paulo Yakota, the Incra president, says bluntly that the aim of the tax is to force speculative farmers to start farming their lands properly or else to rent or sell them to someone who will.

As in most countries afflicted with very high inflation—and Brazil's is now running at more than 100 per cent a year—land

has been a favourite refuge for speculators and the cost has soared far above productivity increases in recent years.

In force for less than a year, the new tax has already caused an outcry from such powerful bodies as the Amazonian landowners association, and various cattle-breeder associations, one of which has said that it will force the sale of land to multinationals, which is as emotive a criticism as one can use in Brazil.

Mr Yakota hopes that besides forcing many farms to become more productive, the new tax will also force down the price of land.

A side-effect of the tax is that it will no longer be sensible for farmers to claim on their income tax return that they are growing and earning less than they actually are. If they do, they will be liable for the new tax.

Serious farmers will not be hit by the new measure and it is difficult to have much sympathy for the complaining landowners, some of whom claim that the tax bill has risen by 1,000 per cent this year. Any investment can be set off against the tax and even the intention of investing within the next three years can get it reduced. A flurry of projects has been presented to Incra.

Criticized by many for being far too weak, in particular because even now only 10 per cent of the area of the largest farms needs to be cultivated to avoid the levy, the new tax is probably about as far as this government dares go. It relies largely for its majority on the votes of large rural landowners and the workers they can persuade to vote the way they want.

It cannot afford to alienate this group too much. On the other hand, the need to grow more food, and use more land

for other economic necessities, cannot be resisted, despite the political risk.

Brazil needs to plant about 4 million acres of new forest each year from now on, triple the present amount, to meet the demand for wood and charcoal for industry. About 5 million acres of extra land has to be devoted to sugar cane each year, if the alcohol to fuel 400,000 new cars each year is to be available.

Huge new plantations of oil palm are to be established in Amazonia, to produce a vegetable oil which can be mixed with diesel.

Brazil plans to increase total exports from last year's \$20,000m to \$25,000m this year

and to maintain a 30 per cent increase for the foreseeable future, as one means of making inroads into the massive foreign debt or at least preventing it from growing further.

The population continues to grow and, as the sugar industry, demand for food increases with it. With the fifth largest land mass in the world and one of the most favoured climatic—up to three crops can be grown in some areas—Brazil has plenty of scope to increase food output. Last year's 50 million tons of grain was a big step forward, but it still lags far behind the tonnages produced in the United States, Canada or even the USSR.

Patrick Knight



Cutting sugar cane in Brazil: the food import bill has been halved since 1979.

Business Diary profile: Sir Hugh Fraser and Harrods

On Saturday morning an apprehensive staff will do up the doors at Harrods to admit the hundreds of bargain hunters who have been queuing, some for days, for the annual sale.

The jostling and grabbing that will ensue at the counters will be at odds with the serene image of this flagship of the House of Fraser group. But the scrum at Harrods may set the tone for the month for both Harrods and its controversial chairman, Sir Hugh Fraser.

After the sale, Sir Hugh will resume the chairmanship of Harrods, a post he relinquished eight years ago because he was sick of dividing his time between London and Harrods headquarters in Scotland. Then there is to be an extraordinary general meeting of Harrods, called by Tiny Rowland's Lorrho group. Lorrho which owns nearly a third of Harrods, disputes the wisdom of Sir Hugh's proposal to sell and lease back the D. H. Evans store in Oxford Street.

There remains also this question: is the real sale not at Harrods but of Harrods? A Lorrho bid for Harrods following the publication of the store's 1980 results is the subject of continuing speculation. Critics say that in taking over at Harrods while Lorrho is breathing down his neck, Sir Hugh is trying to take another step away from the gossip columns and to boost his credibility in the City.

They said the same when the late Lord Fraser, the late Lord Fraser of Alander, bought the sacred island of Iona from the Argyl

estate "for the nation". The price was £1.2m and the trust endowed £150,000 for the maintenance of the island, now administered by the National Trust for Scotland.

Sir Hugh said at the time that the gift was as a memorial to his father, though the prospect of the powerful widow may have had something to do with it.

Sir Hugh has led a much-publicized, and sometimes un-

fortunate life, both private and public, since he inherited the family firm 15 years ago at the age of 29.

There have been heavy losses at the gaming tables, once estimated at £1.5m, two broken marriages, and two years ago a woman friend was found dead in her fume-filled sports car on Sir Hugh's Loch Lomond estate.

In 1976, the Stock Exchange criticized Sir Hugh for failure

to report to Scottish & Universal Investment Trust (SUIT), which he then chaired, transactions in the shares of that company. He was later fined £600 both for this, and for failure to give a true and fair view of the SUIT balance sheet for 1975 in regard to an unsecured loan of £4.2m to a property company.

Cynics have an essential place in contemporary commentary but the trouble is that they seldom get the full picture. The fact is that it takes a man of conviction and vigour, certainly valour in behaviour, to have done what Sir Hugh has done. First, he has ousted as chairman Robert Midgley, a man who is regarded not just in this country but worldwide as a brilliant retailer. This takes boldness. Midgley lifted the profits of Harrods from £1.6m to a record £22m during his period of control.

What Sir Hugh can bring to Harrods, if he takes enough interest, will be a buccannery spirit. Certainly guts and imagination will be needed to shake up retailing and steer it through the slump.

Some years ago Sir Hugh was approached by the three most powerful fashion journalists in the country with a plea that Harrods should be host to British Fashion Week.

Think, they said, of all those visitors admiring your beautiful store as they go up through it to the shows, or receptions or whatever and coming back next day to buy. And think of the prestige you could gain from the help you could give to the fashion industry. Sir Hugh did think, and the ladies believe to this day that

if left to himself he would have seized a marvellous entrepreneurial chance to show off Harrods. But it did not happen.

With Sir Hugh back in control, it is a fair guess that Harrods will be as alive to international style.

"What you have to remember about the House of Fraser is that it is still a feudal business", remarks an executive of rival Debenhams. And anyone who has seen the handsome laird of the group, followed at the stannary three paces behind (four, and someone will slip into the hierarchy ahead of you) by a phalanx of pinstripe suited heavyweights executives cannot doubt either his power or his charisma. Nor can there be any doubt about his ability in business, which far exceeds that of his overshadowing late father.

Scots are usually regarded as canny drapers rather than merchants of style or flair or determination to give a shop a cast iron identity. A little of everything for everyone seems safest. Also one senses the John Knox principle that it is more proper to purvey ball-bearings than caviar and Jean Muir. Sir Hugh Fraser has none of those inhibitions.

What changes can we expect to see? First the long overdue extension of the Harrods name throughout the world. If you can do it with Gucci and Paco and Kenzo, Fredrickson, you can do it with one of the other most famous names in the world. Thirty-two "boutiques" are envisaged, which will propagate about all Britishness and bestness.

Prudence Glynn



The scrum at Harrods: Sir Hugh Fraser (right), soon to be chairman of Harrods once more, and (left) Tiny Rowland, chief executive of Lorrho.

Ultramar

Change of Address

Three companies in the Ultramar Group are now based at the following address (having moved from, 2 Broad Street Place, London EC2M 7EP):

Morgan House,
1 Angel Court, London EC2R 7AU
Tel: 01-726 4545

Ultramar
Company Limited
Telex: 885444



Ultramar
Exploration Limited
Ultramar
North Sea Limited
Telex: 8954630

Why sugar bulls are expecting a sustained and rising market

Michael Prest
ilities Correspondent

[illegible]

(Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]

